

APPENDIX IN SUPPORT OF DECLARATION OF BRIAN FONSECA

1. FIU NEWS.
2. B. FONSECA & J. ROSEN, *THE NEW US SECURITY AGENDA: TRENDS AND EMERGING THREATS* (Palgrave Macmillan Cham., 1st ed. 2018).
3. *The Russians of Latin America: Moscow's Bid for Influence over Russian-Speaking Communities in the Region*, ARMY UNIVERSITY PRESS.
4. *A Strategic Alliance in the Making?*, THE AMERICAN INTEREST.
5. *The Perils of a Putsch in Venezuela*, FOREIGN POLICY.
6. *Russian Deceptive Propaganda Growing Fast in Latin America*, DIALOGO.
7. *Venezuela isn't Syria: Why the U.S. shouldn't overreact to Putin's bluff*, CNN.
8. *Are China and Russia on the Cyber Offensive in Latin America and the Caribbean*, NEW AMERICA.
9. *A Way Forward for Venezuela: The Humanitarian, Diplomatic, and National Security Challenges Facing the Biden Administration*, CONGRESS.GOV.
10. *Russia Supports the Taliban*, WARSAW INSTITUTE.
11. *How Russia Built a Channel to the Taliban, Once an Enemy*, NEW YORK TIMES.
12. *US intelligence suspects Russia of supporting the Taliban*, UAWIRE.
13. *Russia, Taliban share intelligence in fight against ISIS*, CNN.
14. *Statement For the Record by General John W. Nicholson Commander U.S. Forces – Afghanistan Before the Senate Armed Services Committee on the Situation In Afghanistan*, February 9, 2017.
15. *Russia 'arming the Afghan Taliban', says US*, BBC NEWS.
16. *Russian Bounties on U.S. Troops: Why Hasn't the Administration Responded?*, CONGRESS.GOV.
17. *Press Conference by Secretary Mattis in Afghanistan*, U.S. DEPARTMENT OF DEFENSE.
18. *Military Assessment of The Security Challenges in the Greater Middle East*, COMMITTEE ON ARMED SERVICES: HOUSE OF REPRESENTATIVES.

19. *Hearing to Receive Testimony on United States European Command*, COMMITTEE ON ARMED SERVICES: UNITED STATES SENATE.
20. *Afghan Lawmakers: Russian Support to Taliban No Secret*, VOA NEWS.
21. *Russia accused of supplying Taliban as power shifts create strange bedfellows*, THE GUARDIAN.
22. *Iran allegedly facilitating Taliban-Russian contracts*, MIDDLE EAST INSTITUTE.
23. *Videos suggest Russian government may be arming Taliban*, CNN.
24. *Russia funds Taliban in war against NATO forces*, THE TIMES.
25. *Russia Defines Its Post-Takeover Role in the Afghan Conflict*, RUSI.
26. *Russia hands over Afghan embassy in Moscow to the Taliban, Islamic flag is raised*, JIHADWATCH.
27. *Russia latest country to establish diplomatic ties with Taliban*, GLOBAL SECURITY.
28. *Taliban officials nearing contract for purchase of gasoline from Russia*, REUTERS.
29. *Taliban signs 'preliminary' deal with Russia for oil, gas, wheat*, AL JAZEERA.
30. *Afghan Taliban sign deal for Russian oil products, gas and wheat*, REUTERS.
31. *Taliban Sets Up Investment Consortium with Firms from Russia, Iran*, REUTERS, February 22, 2023.
32. *Russia, China FM attend high-level conference on Afghanistan*, ASSOCIATED PRESS.
33. *Overview of the Financial Sector in Russia*, BLACK SEA TRADE & DEVELOPMENT BANK.
34. *FACTBOX-Key Facts About Sanctioned Russian Bank VTB*, REUTERS.
35. *German regulator not planning to sell VTB's subsidiary in Europe, to focus on protecting operating activities*, INTERFAX.
36. *Unchecked By Global Banks, Dirty Cash Destroys Dreams and Lives*, ORGANIZED CRIME AND CORRUPTION REPORTING PROJECT.
37. *Russia's Influence in Bulgaria*, NEW DIRECTION: THE FOUNDATION FOR EUROPEAN REFORM.
38. *How a sanctioned Russian bank wooed Washington*, CENTER FOR PUBLIC INTEGRITY.

39. *Russia's VTB Brice Claim May Set Back Kremlin Bank's Africa Ambitions*, THE MOSCOW TIMES.
40. *Credit Suisse to Pay Nearly \$475 Million to U.S. and U.K. Authorities to Resolve Charges in Connection with Mozambican Bond Offerings*, SEC.GOV.
41. *Russia's bank turns from global ambitions to survival*, FINANCIAL TIMES.
42. *Treasury Sanctions Russia-based Bank Attempting to Circumvent U.S. Sanctions on Venezuela*, US DEPARTMENT OF TREASURY.
43. *U.S. Treasury Announces Unprecedented & Expansive Sanctions Against Russia, Imposing Swift and Severe Economic Costs*, US DEPARTMENT OF TREASURY.
44. *Russia, Iran, Establish Direct Banking Arrangements Without SWIFT*, RUSSIA BRIEFING.
45. *Resolution for the Liquidation of VTB Bank (Europe) SE*, VTB.

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Links to relevant articles:

<https://www.csmonitor.com/USA/Foreign-Policy/2017/0622/Venezuela-s-Maduro-confronts-perils-of-his-reliance-on-the-military>

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The New US Security Agenda

Trends and Emerging Threats

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Bridges the divide between academia and the policy world

Paves the way for new scholarship on emerging threats to national security

Explores the responses of the US government to security issues

4348 Accesses

4 [Citations](#)

5 [Altmetric](#)

Sections

Table of contents

About this book

Keywords

Reviews

Authors and Affiliations

About the authors

Bibliographic Information

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Table of contents (8 chapters)

[Back to top](#)

About this book

War, nuclear weapons, and terrorism are all major threats to US security, but a new set of emerging threats are challenging the current threat response apparatus and our ability to come up with creative and effective solutions. This book considers new, 'non-traditional' security issues such as: transnational organized crime, immigration and border security, cybersecurity, countering violent extremism and terrorism, environmental and energy security, as well as the rise of external actors. The work examines the major challenges and trends in security and explores the policy responses of the U.S. government. By using international relations theory as an analytical approach, Fonseca and Rosen present how these security threats have evolved over time.

[Back to top](#)

Keywords

- U.S. Security
- Security Threats
- Transnational Crime
- Border Security
- Cybersecurity
- Extremism and Terrorism
- Environmental Security
- Energy Security
- us politics

[Back to top](#)

Reviews

"Fonseca and Rosen deliver a work that is both impressive in its scope yet detailed and well documented. It is a valuable contribution to understanding the complex and evolving panorama of global security issues." (Evan Ellis, Professor, US Army War College)

"The New US Security Agenda is a very welcome and important assessment of the vibrant and changing field of security studies. It examines in a balanced manner the major international security threats facing the United States. In each of the substantive chapters the authors summarize the nature of the threats, as well as the outlines of U.S. policy responses and the key criticisms of those responses. The result is a clear, concise, and readable introduction to and overview of the most important and changing international security challenges to the United States now and in the near future." (Roger E. Kanet, Professor, University of Miami, USA)

"In this important and timely book, Brian Fonseca and Jonathan D. Rosen have captured both the texture of current "threats" and the ways in which they are constructed and privileged. Challenges are presented in their detail and the alternative lines of policy pursued across several American administrations are made vivid. This book is unique for its theoretical rigor and sensitivity to the tangible, human, implications of security policy." (Bradford R. McGuinn, Senior Lecturer, University of Miami, USA)

[Back to top](#)

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[Back to top](#)

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[Back to top](#)

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[Back to top](#)

The Russians of Latin America

Moscow's Bid for Influence Over Russian-Speaking Communities in the Region

Brian Fonseca

Vladimir Rouvinski, PhD

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Russia's rebound in the international system following the collapse of the Soviet Union in 1991 has led it back to Latin America in search of economic and geopolitical opportunities. However, Russia's limited capacity to exercise influence in a Western-dominated international system using traditional

instruments of power—such as diplomatic, economic, and military—has forced Moscow to search for alternative sources of influence. To that end, Russia is increasingly relying on informational and sociological approaches to achieve its foreign policy objectives—what some scholars describe as hybrid warfare.¹ For example, Russia is courting its diaspora around the world, including in Latin America, to leverage Russian-speaking communities as a source of Russian national power.

Since the early 1990s, mobilizing Russian diaspora has been a key feature of Russian foreign policy in its “near abroad”—that is, former Soviet Republics and Warsaw Pact countries in close geographic proximity to Russia.² However, in recent years, Moscow has also stepped up efforts to organize and engage its diaspora in its “far abroad”—that is, regions as far away as Latin America. Over the last decade, there has been a coordinated effort to consolidate diaspora in Latin America and the Caribbean in an attempt to strengthen Moscow’s connectivity to growing and increasingly more organized Russia-speaking communities. Diaspora-focused organizations range from compatriot movements to cultural centers, the Russkiy Mir Foundation, Russian media outlets, and of course, the Russian Orthodox Church—all of which help cultivate Russian-speaking communities as a source of Russian national power. This article will examine the evolution of Russian diaspora engagement in Latin America and the Caribbean, and assess its potential to support Russian domestic and foreign policy objectives.

Diaspora as an Emerging Source of Russian National Power

Moscow’s inspiration to use diaspora as a component of foreign policy stems largely from structural changes that occurred immediately following the collapse of the Soviet Union in 1991. The fourteen independent nations

established along Russia's new border comprised territories that were up until then elements of Moscow's domestic affairs. These territories were vulnerable to Western influence and needed to be quickly incorporated into Russia's foreign policy strategy. One perceived advantage by Moscow was that the populations in these territories maintained strong Russian roots, and large segments of their respective populations were native Russian speakers. To that end, Russia developed a near abroad strategy that included policies to cultivate influence among pro-Russia communities. In a speech to the United Nations in 1994, Russian President Boris Yeltsin asserted Russia's role in protecting ethnic Russians and ensuring peace in the newly independent nations that formerly comprised the Soviet Union, a concept later referred to as the Yeltsin Doctrine.³ Yeltsin's foreign minister, Andrei Kozyrev, drafted the first Russian Foreign Policy Strategy in 1993 that sought to protect the rights of millions in Russian-speaking communities in former Soviet Republics.⁴

Starting in 1994, Moscow began establishing important policies—State Commission on Compatriots Issues, Federal Law of the Russian Federation toward Russian Compatriots, and State Program for the Support of Voluntary Migration of Compatriots to the Russian Federation—aimed at developing Moscow's connectivity with Russians living abroad.⁵ The Ministry of Foreign Affairs established the Department of Compatriot Affairs in 2005 and the Federal Agency for the Commonwealth of Independent States, Compatriots Living Aboard, and International Humanitarian Cooperation (*Rosstrudnichestvo*). These organizations analyze diaspora communities, develop strategies to engage compatriots, and coordinate work with compatriot organizations encompassing an estimated thirty million Russians around the world.⁶



Initially, policies were largely targeting diaspora living in Russia's near abroad. However, there has been greater intentionality in developing a globally connected Russian diaspora over the last decade, thanks in large part to Russian President Vladimir Putin. In 2006, Putin asserted, "cooperation with the diaspora, legal advocacy and support for them is one of our national priorities."⁷ In fact, Putin often includes Russian diaspora into definitions of the Russian nation-state and views engagement with Russian-speaking communities around the world as an increasingly important component of its public diplomacy strategy. Putin publicly refers to this as the Russian world, also known as *Ruskiy Mir*, a concept that builds on Russian identity all over the world and bonds Russian-speaking communities together under a nationalistic moniker.⁸ According to Russia's 2016 Foreign Policy Concept, foreign policy objectives include "consolidating the Russian diaspora around the world" to advance Russian foreign policy interests.⁹ Moscow wants Russians around the world to preserve cultural and historical ties and the Russian language as well as to promote a positive image of

Russia in host countries to aid Russian commercial and diplomatic efforts.¹⁰ Evidence of successes in using Russian diaspora to support Moscow's foreign policy include Georgia, the annexation of Crimea from Ukraine in 2014, and interference in the Estonian and Latvian elections, among others.

History of Russian Diaspora in Latin America

Russian migrants first appeared in Latin America and the Caribbean in the early nineteenth century. The first waves consisted largely of labor migrants from the European part of the Russian Empire and, to a lesser extent, political opposition from the Baltic provinces in Poland and western Ukraine. After October 1917, only a relatively small number of Russians escaping communist rule had chosen the region as their place of refuge, mostly because they were unable to establish their new homes either in Europe or Asia. The second wave of Russian migration to Latin America occurred following the end of the Second World War and consisted largely of Soviet citizens residing in the occupied territory liberated by the Western allies who did not want to return to the Soviet Union. These Russians expanded the diaspora footprint in Latin America to Argentina, Brazil, Chile, Mexico, Paraguay, Uruguay, and Venezuela. Early Russian migrants laid the foundation for important cultural exchanges between Russia and countries in the Americas. In fact, some ethnic Russians of the early waves went on to become famous political figures in Latin American history. For example, Juan Belaieff, born Ivan Timofeyevich Belyaev in Saint Petersburg, Russia, migrated to Argentina in 1923 and then Paraguay in 1924. Belaieff was a cartographer and soldier in Paraguay and is revered for his role in mapping the Chaco region ahead of Paraguay's victory over Bolivia during the Chaco War (1932–1935).¹¹

The contemporary Russian diaspora in Latin America consists mostly of Russian-speaking populations who migrated to the region following the

collapse of the Soviet Union in 1991, largely for economic reasons. More recently, starting in about 2012, there has been a surge in Russian outbound migration. Some analysts suggest that Russian emigrants today consist largely of middle and upper-middle classes who had successful careers in Russia but saw limited opportunities for growth at home.¹² Since there are no restrictions to leaving Russia to live abroad, and given that most Latin American countries are visa free for Russian passport holders, many Russians have chosen to migrate to Latin America in search of work or to simply experience living abroad before making a final decision to relocate permanently out of Russia.

According to ethnographic studies, the Russian diaspora maintains a strong sense of Russian identity and an overall ethnic group consciousness unified largely through common language.¹³ Culture, food, art, and literature also serve as unique Russian identifiers within its diaspora. The diaspora tends to include Russian-speaking populations from former Soviet republics like Ukraine, Georgia, and Belarus. Members of the contemporary Russian diaspora tend to assimilate quickly, and most successfully integrate within host societies.¹⁴ Russians living in Latin America tend to have a strong collective memory about their homeland that reflects a perception of Russian greatness, a trait that Moscow exploits in its engagement. Russian diaspora tend to remain patriotic and well connected to Russia through interpersonal relationships and commercial and religious ties. Russian media outlets—television, radio, and web-based programming—and Russian government-funded programming are critical to unifying diaspora and defining and promoting Russianness to and through the Russian diaspora in the region.

Only recently has the Russian government started to request that Russians living abroad report their citizenship or permanent resident status to the authorities in Russia, so it is difficult to provide the exact number of Russians

living in Latin America and the Caribbean. However, the Russian embassies and independent researchers estimate that between one hundred thousand and three hundred thousand reside permanently in Argentina; from one hundred thousand to two hundred thousand live in Brazil, between fifty thousand and one hundred thousand reside in Mexico; and a much smaller number (between one thousand and five thousand) live in other Latin American countries and the Caribbean.¹⁵ It is important to mention that Russian-speaking communities are present and identifiable in most, if not all, Latin American nations, and that the Russian government considers Russians residing in Latin America and the Caribbean as an important resource in its engagement with the region.

Engaging the Russian Diaspora in Latin America

Since about 2007, the Russian government has been consolidating and engaging Russian-speaking communities in Latin America through a variety of organizations. These organizations include coordinating councils, Russian cultural centers, the Russkiy Mir Foundation, the Russian Orthodox Church, and Russian media—in many cases, with direct support from Russian embassies. These organizations are still in rather young and varying stages of development in Latin America and the Caribbean. Furthermore, there are limited signs of regional cooperation among these organizations, which limits the scope and reach of diaspora across the region.



The Russian Foreign Ministry's Federal Agency for the Commonwealth of Independent States, Compatriots Living Aboard, and International Humanitarian Cooperation was established by presidential decree in 2008 and has representative offices in Russian embassies and Russian science and cultural centers in eighty countries around the world, including eight in Latin American and Caribbean.¹⁶ Rossotrudnichestvo representatives are located in Argentina, Brazil, Chile, Cuba, Mexico, Nicaragua, Peru, and Venezuela. They openly foster relations with diaspora and conduct joint activities to promote Russian language and culture, along with Moscow's political views. They enlist the diaspora to aid in "developing friendly relations between countries."¹⁷ Putin is responsible for nominating the head of Rossotrudnichestvo. Some of Rossotrudnichestvo's key partners in Latin America include Coordinating Councils of Russian Compatriots, the Russkiy Mir Foundation, the Russian Cultural Foundation, and media outlets like RT,

Sputnik, and TASS.

Russian embassies. Russian embassies are important sources of support for diaspora organizations to promote and engage members. Russian embassies often use cultural centers as venues to hold meetings with Russian nationals residing in the region. Formally, meetings are organized by compatriot organizations and not by the embassies directly. However, embassy representatives chair the meetings and take minutes to record the proceedings. This is because these meetings are considered of ultimate importance: they are where the staff of the Russian embassies and representatives of compatriot organizations can communicate direct messages of the government in Moscow to Russians living abroad and explain what is expected from the members of the Russian diaspora in one or another country. In particular, Moscow expects members of the Russian diaspora to maintain highly positive images of Russians living abroad— to promote “a country to be proud of” among Latin American colleagues and friends and to spread Moscow’s view on important events in which Russia is involved.¹⁸ In return, the staffs of the Russian embassies receive detailed information about the involvement of local Russians in economic, political, and cultural activities, and they update their dossier files on Russians in their respective countries. This kind of information would be difficult and time-consuming to obtain by other means. In addition, representatives of the Russian embassies show keen interest in learning from local Russians what their Latin American colleagues and friends think about Moscow’s domestic and foreign policies.

Coordinating councils. Moscow also relies on the International Council of Russian Compatriots and the Coordinating Councils of Russian Compatriots to help consolidate and coordinate Russian-speaking communities in more than ninety-eight countries around the world.¹⁹ There are Coordinating Councils of Russian Compatriots in fifteen countries in Latin America and the

Caribbean.²⁰ Coordinating councils are often established, guided, and funded by their affiliated Russian embassies.²¹ For example, in Argentina, the Coordinating Council of Russian Compatriot Organizations (KSORS), established in 2007, and the Coordinating Council for Russian Youth, established in 2012, are prominently promoted on the Russian embassy website in Argentina.²² In 2015, when newly elected Argentine President Mauricio Macri proposed cutting commercial rights to Russian government-funded RT, KSORS launched a letter-writing campaign, likely supported by the Russian embassy, demanding Macri keep RT in Argentina.²³ In addition to the country-specific coordinating councils, there is also a regional Coordinating Council for Latin America that meets once a year and brings together representatives from around the region to develop strategies and programming to support Russian-speaking communities. The 2017 meeting was held in Costa Rica and the 2018 meeting took place in Havana.²⁴

Russian cultural centers. The reemergence of Russian cultural centers in the region is further evidence of Moscow's growing interest in connecting with people in the region. Many of these cultural centers were almost completely abandoned following the collapse of the Soviet Union in the 1990s and the beginning of the 2000s. Examples of these centers include Russian Centers for Science and Culture in Buenos Aires, Santiago de Chile, and Lima; Leo Tolstoy Institute in Bogota; Maxim Gorky in Montevideo; and others. Nowadays, many of the above-mentioned centers have been renovated and offer many services ranging from Russian language classes to free Russian movies showing highlights of Russian theater and dance performances.

Although these activities are open to any interested person, with an obvious exception of language classes, most of the attendants are local Russians. For the Russian authorities, this is one of the ways to engage members of the diaspora and to show them that the Russian government cares about

them. From time to time, there are also meetings with famous Russian journalists, writers, and public figures who give lectures on historical or current developments. In addition to the previously existing cultural center, the Russkiy Mir Foundation sponsors a number of new programs similar to China's Confucius Institutes. These Russian cultural centers are usually alliances between the foundation and a university or high school. They receive direct funding from Moscow to promote the learning of the Russian language and culture. According to the Russkiy Mir Foundation website, there are twelve Russkiy Mir Foundation-sponsored Russian centers in Latin America—two in Argentina and one each in Brazil, Colombia, Costa Rica, Chile, Cuba, Ecuador, Guatemala, Mexico, Nicaragua, and Peru.²⁵



The Russian Orthodox Church. The Russian Orthodox Church is another important source of influence among Russians in the region, and Moscow relies heavily on it to help create a sense of Russianness among the

diaspora. Many Russians are believers, but there are only few Russian Orthodox churches in Latin America. However, the Moscow Patriarchate's Department for External Church Relations has divided all Latin America into church districts, and a representative of the Russian Patriarch has been assigned to each of the districts. Yet, these offices lack the logistical capacity to reach out to the majority of local Russian orthodoxies, so information about religious activities arrives to Russians via the Russian embassies through the members of the recognized diaspora organizations. Many religious ceremonies are held in the above-mentioned Russian cultural centers.

Russian media. Russian government-sponsored media outlets like RT, Sputnik, TASS, and Voice of Russia are actively engaging Russians in Latin America to communicate Russian government views to and through diaspora. Amplifying Russian strategic communication efforts are its use of growing platforms to deliver information—television broadcasting, social media, and the internet.²⁶ Russian authorities monitor the presence of Russians residing in Latin America on social networks like Facebook or VK (a Russian version of Facebook). In recent years, there has been an extraordinary growth of Facebook managed by Russians living in Latin America and the Caribbean. There are more than fifty Facebook groups in the region focused on bringing together Russian diaspora. Some examples include Russians in Latin America with 4,200 members, Russian Forum in Argentina with 1,300, and Russians in Colombia with 1,400 members.²⁷ For the Russian government, monitoring of Facebook pages is a source to gather information about the social, political, economic, and cultural activities of local Russians. It is also a means to disseminate fake news and information from the Russian perspective. This information can be easily shared with a diaspora's broader social media following.

One may wonder why many Russians residing in Latin America decide to

answer the call and attend the meetings organized by the embassies. There are several reasons. In many cases, Russians living in Latin America enjoy a positive attitude toward the meetings simply because they serve to raise the Russians' self-esteem through a shared pride in and satisfaction with the Russian community. The Russian authorities are aware of this and offer some incentives like awarding diplomas in recognition of important contributions made by individuals in "the strengthening of a positive image of Russia abroad."²⁸ These diplomas are signed by the ambassador and, sometimes, even by the minister of foreign affairs or Putin himself. Another reason is of a different nature. Many Russians residing abroad fear difficulties in getting documents like passports, certificates, and paperwork for receiving pensions from Russia or dealing with real estate left in the home country. Being recognized by the embassy as a member of a Russian diaspora is considered useful to facilitate formal procedures and, in fact, Russian authorities demonstrate readiness to help people they know well.

Conclusion

The diaspora as an instrument of Russian national power in Latin America and the Caribbean is still in a relatively young stage and has not yet yielded any serious benefits outside of aiding in cultural awareness. Still, it is important to note that Latin America and the Caribbean have been used to test Russian foreign policy in the past—consider the violent proxy wars that took place with Russian backing during the 1970s and 1980s. Although the region is of relatively little value to Russia economically or politically, it still sits close enough to the United States to have an upside if emerging methods prove useful in achieving foreign policy objectives. To that end, Russia will likely continue strengthening a community of pro-Russian organization using diaspora in Latin America and the Caribbean. In the near-term, Russian-speaking communities will remain available but limited in their

ability to advance Moscow's interests, given that diaspora have not gained significant widespread commercial or political influence. Still, diaspora will be used to communicate Russian views to Latin American audiences in the hopes of bolstering the Russian brand in the region.

In the long term, diaspora could increase their commercial and political value by moving into influential spaces in Latin American societies, giving Moscow greater access to the region. Because of the important Soviet legacy and the presence of the Russian diplomatic posts in the region, and the mostly positive attitude toward common Russians combined with the easiness in carrying out the activities described in this essay, for Moscow, the Russian diaspora in Latin America enjoy a privileged position in comparison with other parts of the world. This is just one of the reasons why Russia values current and future engagement with its Russian compatriots in Latin America. Diaspora living in Argentina, Chile, Uruguay, and Brazil offer Moscow the greatest potential return on investment given that these countries remain primary destinations for Russians moving into the region.

Notes

1. See Valery Gerasimov, "The Value of Science Is in the Foresight: New Challenges Demand Rethinking the Forms and Methods of Carrying out Combat Operations," trans. Robert Coalson, originally published in *Military-Industrial Kurier*, 27 February 2013, republished in *Military Review* (January-February 2016): 23–29, accessed 5 May 2018, https://www.armyupress.army.mil/Portals/7/military-review/Archives/English/MilitaryReview_20160228_art008.pdf; for more on hybrid warfare, see Andrew Radin, *Hybrid Warfare in the Baltics: Threats and Potential Responses* (Santa Monica, CA: RAND Corporation, 2017). "Hybrid warfare" is an imprecise term. Still, some

associate hybrid warfare with Russian Gen. Valery Gerasimov, chief of the General Staff of the Armed Forces of Russia and first deputy defense minister. Gerasimov asserted that the "rules of war have changed. The role of nonmilitary means of achieving political and strategic goals has grown, and, in many cases, they have exceeded the power of force of weapons in their effectiveness." The focus of applied methods of conflict has altered in the direction of the broad use of political, economic, informational, humanitarian, and other nonmilitary.

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A Strategic Alliance in the Making?

Among the most prominent features of the 21st century is the realignment in the distribution of global political, economic, and military power. Many scholars and observers of international relations argue that the United States and China in some configuration will [likely dominate the geopolitical landscape this century](#). Certainly, the United States will remain a great power in the international system, despite the diminishing gap between American power and that of the rest of the world. However, a rising China is pressing for a world order more favorable to its interests, arguing that it was absent when Washington led the fashioning of the existing rules forming the Western-dominated international system today.

Where does Russia sit in the 21st-century realignment? Right in the middle. Ever since the collapse of the Soviet Union, Russia has been struggling to hang on to its great power status. Many of its traditional sources of power—political, economic, and military—have eroded over the past nearly three decades. U.S. and Chinese leaders know this, and they view Russia through the prism of their own country's geopolitical interests.

To that end, Beijing and Moscow see a Sino-Russo strategic partnership as a counter to America's global influence. In fact, the most recent signal of strengthening ties between China and Russia is unfolding this week with the participation of roughly 3,200 Chinese military personnel in the Russian military exercise "Vostok", an exercise dating back to the Cold War that was designed, ironically, to aid Moscow in a ground war with China along its eastern front. Although the number of participating Chinese pales in comparison to the estimated 300,000 Russian troops involved, the joint exercise nevertheless indicates a deepening of Chinese-Russian military-to-military cooperation. Vostok is among several recent [joint military exercises](#).

Ahead of the military exercise, the countries' two leaders, Chinese President Xi Jinping and Russian President Vladimir Putin, will meet in the Russian far-east city of Vladivostok, the 26th time the two leaders will meet. Xi will be attending the Russian-hosted Eastern Economic Forum, the first time a Chinese leader has done so. Their latest meeting and the upcoming exercise have heightened concerns that a real Sino-Russian alliance is emerging. How warranted are those concerns? The answer is mixed: There are several considerations driving China and Russia together, but at the same time a Sino-Russian alliance would require overcoming deep historical, political, economic, and cultural divisions.

Considerations Driving China and Russia Closer

Several forces driving China and Russia closer together include: U.S. primacy and the desire in Beijing and Moscow to challenge that primacy; increasing American rhetoric projecting China and Russia as threats; China's rise and need to mitigate U.S. efforts to contain or confront it; and Russia's limited economic, political, and military power combined with its desire to remain a great power. Furthermore, both China and Russia have a common desire to undermine the allure of democracy relative to authoritarian models. Finally, both are feeling the impact of Western-led economic efforts, most notably the U.S. and EU sanctions that have forced Russia to explore other markets, as well as the U.S. tariffs on Chinese goods and Russian steel and aluminum, which have driven them to cooperate economically against the United States.

As articulated in the U.S. national security and defense strategies, Russia and China are considered direct threats to America's primacy. President Trump's National Security Strategy released in December 2017, paints both Russia and China as "revisionist powers . . . that use technology, propaganda, and coercion to shape a world antithetical to our interests and

values" According to the [National Defense Strategy](#) released by the Pentagon in January, China and Russia are lumped into the same category.

"The central challenge to U.S. prosperity and security is the re-emergence of long-term, strategic competition by what the National Security Strategy classifies as revisionist powers," the document declares. "It is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model—gaining veto authority over other nations' economic, diplomatic, and security decisions."

Russia, not surprisingly, does not share this assessment of China (nor of itself, for that matter). Indeed, Moscow virtually never describes China in negative terms, to say nothing of being a threat, in contrast to how it views the United States, which is often cited as Russia's chief threat. Russian propagandists on Kremlin-controlled television frequently bash the United States. This was certainly the case in the second half of the Obama Administration; in the days after Russia illegally annexed Crimea, television presenter Dmitry Kiselyov famously threatened, "Russia is the only country in the world that is realistically capable of turning the United States into radioactive ash." While such rhetoric was toned down at the start of the Trump Administration, rhetoric against the United States continues. Similar talk about China coming out of Moscow is simply unimaginable.

As U.S.-Russian relations deteriorated after Russia's invasion of Ukraine and illegal annexation of Crimea in 2014, Russian-Chinese relations deepened. Some in the think tank and analytical community have argued that the tensions in relations between Moscow and Washington are driving Moscow and Beijing closer together. In May of 2014, soon after Europe and the United States imposed sanctions on Russia for its annexation of Crimea and widening aggression in Ukraine, Putin traveled to Shanghai to sign a long-awaited \$400 billion gas deal with China involving a costly and much-

discussed pipeline. President Xi exercised leverage in signing the deal, knowing that Putin was under pressure from the West and was looking for other, eastern options. "This is the biggest contract in the history of the gas sector of the former USSR," said Putin, after the agreement was signed between state-controlled entities Gazprom and China National Petroleum Corp (CNPC).

Even though China got the better deal through a reduced price for the gas, Putin's supporters argued that the deal demonstrated that Russia had the "China card" to play. "Obama should abandon the policy of isolating Russia: it will not work," Putin loyalist and senior parliamentarian Alexei Pushkov, [tweeted at the time](#).

The Russian-Chinese military relationship has significantly deepened over the years, with arms sales of advanced aircraft and missiles such as the Su-35 combat aircraft and S-400 SAM systems between the two (mostly going from Russia to China), totaling some \$7 billion. Russia needs the currency earned from such sales, especially in light of Western sanctions and the drop in the price of oil. Nevertheless, the arrangement, which includes some of Russia's leading military equipment, reminds one of the old Lenin quote: "The Capitalists will sell us the rope with which we will hang them." In this case, some in Moscow must wonder whether Russia is selling the Chinese the means by which Beijing could threaten Russia militarily.

There is common ground between China and Russia when it comes to the United States. Both resent efforts by the United States over decades to establish and maintain American unipolarity around the world. Both are interested in a multi-polar world as a way to vitiate American primacy. Beijing and Moscow seek to undermine and discredit the very concept of Western-style democracy. Both have been eager to hold up their systems of government, which combine authoritarianism with a market economy as

viable and desirable alternatives to the United States model. Both tap into populist movements around the world, including the United States, challenging the efficacy of democratic systems and highlighting their failures to deliver to average citizens.

Both bristle at American-led sanctions and a military build-up in Europe in the case of Russia and military maneuvers and economic pressure to contain a muscle-flexing, growing China. Those sanctions against Russia have forced Moscow to look east for new markets. Recent American tariffs on China may impel Beijing to look toward Russia.

Both use their veto power in the United Nations Security Council to block U.S.-led efforts to sanction and target countries such as Syria and Iran, even more recently Nicaragua, with Russia usually taking the lead in this forum and China closely following behind. One time when they abstained, in the case of Libya in 2011, the Qaddafi regime was overthrown and Qaddafi was killed, leading authorities in Moscow and Beijing to vow never to let that happen again. We see this playing out in North Korea. Although Moscow and Beijing oppose North Korean nuclearization efforts, neither are interested in seeing the Kim regime toppled. China especially, but Russia, too, have helped undermine the effectiveness of international sanctions against the regime in Pyongyang in a challenge to the United States.

Factors Working Against a Sino-Russian Alliance

For all those common interests, there is much keeping Moscow and Beijing apart. There are deep historical, political, cultural and economic differences as well as diverging global interests. They compete for influence in Central Asia and beyond; China has greater wherewithal to pursue an aggressive agenda. Both countries have radically different demographic projections.

China is struggling to manage its still growing population with respect to the

anticipated socioeconomic demands of an aging population in the latter part of this century, hence its efforts to move away from the One Child Policy and ongoing debates over eliminating the Two Child Policy. Russia, meanwhile, suffers from a declining population, with worst-case predictions calling for a dramatic fall from its current 143 million to 100 million in a few decades. This will bring with it huge economic, labor, social security, and other implications for Russia. Roughly five million Russians live in the country's Far East, among the least-populated stretches in the world; more than 100 million, live across the border in the [three Chinese regions adjacent to Russia](#), where some 5-7 million Russians reside. China views Russia's bountiful natural resources, space, and opportunity with envy. An influx of Chinese into the Russian Far East to fill employment opportunities, including into the two largest cities of Khabarovsk and Vladivostok, risks significantly changing regional dynamics and is the source of significant resentment among many Siberians.

The two countries have different economic outlooks: China's economy continues to rise—albeit at a slower rate than the previous decade—whereas Russia's economy remains stagnant. China attaches more importance to its relationship with the United States than to that with Russia. China aspires to be on equal footing with the United States, not Russia, which Beijing recognizes as a declining power. China is catching up to the United States in GDP terms, [\\$19.5 trillion versus \\$12.2 trillion](#), though it still has quite a way to go. Russia's GDP, by contrast, does not even break the \$2 trillion level.

The United States remains a global power, even with a push starting in the Obama Administration and continuing under Trump to pull back on some of America's commitments overseas. China, through military muscle-flexing and economic means, is expanding its global reach regularly. Beijing has devoted \$1 trillion to its Belt and Road Initiative to extend its influence in developing countries through financing for infrastructure; Russia can't even dream of such an initiative.

Trade between China and the United States came [close to \\$650 billion in 2016](#), dwarfing trade between Russia and the United States, which was barely more than \$27 billion in 2016, according to USTR statistics. Recent tariff wars, rising wages in China, and Chinese indigenization efforts will likely affect those numbers especially with China, but even then, Russia is not going to fill any void created. Trade between Russia and China, by comparison, was only [\\$84 billion in 2017](#). China is an important, albeit not decisive, player in the American economy, holding more than \$1 trillion in U.S. national debt; Russia isn't even an important economic partner.

Russia is an equal with the United States when it comes to nuclear weapons and significantly outpaces China in this area. However, Russia is a wannabe global power; while it is capable of making trouble beyond its borders (see Syria in particular) the bulk of its influence lies with the countries that were once part of the Soviet Union. But even there the United States (albeit less so in recent years) and especially China are competing for influence in that region.

The Shanghai Cooperation Organization, a regional grouping created in 2001, has not dampened the push and pull that countries in Central Asia and elsewhere feel in the competition for influence between Moscow and Beijing. As Russian analyst [Dmitri Trenin acknowledged](#), "For the first time in their history, Russians have to deal with a China which is more powerful and more dynamic than their own country."

The passage of time has largely erased memories of actual clashes between the Soviet Union and China in the late 1960s, but it has not eliminated lingering distrust between the two countries. This distrust has existed for decades, exacerbated after the Chinese Revolution in 1949 by Khrushchev's de-Stalinization campaign in the 1950s and continuing throughout the next several decades. Nixon's play of the "China card" in the 1970s heightened

the distrust between Moscow and Beijing. In the United States, some wonder whether we should be doing something similar, this time with the "Russia card."

Where Does That Leave the United States?

Amid the controversies swirling around the July 2018 meeting between President Trump and President Putin in Helsinki, one comment made by Trump at the very beginning of his one-on-one meeting, just before the joint press conference, went virtually unnoticed. In listing a series of topics he planned to discuss with Putin, Trump said, "we'll be talking a little bit about China, our mutual friend President Xi." Nothing more was said during the press conference or in follow-on coverage of the Trump-Putin meeting. What might the two leaders have discussed regarding China?

Some argue that former National Security Advisor Henry Kissinger is advising the Trump Administration to consider Russia as a partner in its strategy to contain a rising China; after all, Kissinger pushed U.S. alignment with China in an effort to contain the Soviet Union during the Cold War. The logic behind this is clear: Russia has few traditional sources of national power that threaten U.S. long term interests. However, Moscow does present near-term challenges in undermining democratic values and exacerbating social and political divisions in the U.S. through its efforts to weaponize information. If the United States can compel Russia to layoff attacking U.S. interests (and there's little to indicate that it can), then it can focus its efforts on managing its interests with respect to a rising China.

Still, among the many problems with pursuing such an approach is the fact that the United States and Russia share no common values and share fewer and fewer interests. Given the current state of relations, even with Trump's efforts to "reset" in his own way his ties with Putin, it is hard to imagine such

a strategy would succeed in pitting Russia and the United States together against China. Moreover, there are no indications that Putin would risk antagonizing his relationship with Xi and China by agreeing to team up with the United States to contain Beijing. Putin and the Kremlin believe they have reason to doubt the reliability of the United States: They thought Trump was going to lift sanctions and instead have seen the U.S. Administration ramp them up instead. The same is true in Washington: There is little reason for them to think officials in Moscow would reliably partner against China.

Given the yawning gap between the Russia and the United States, an alignment between them would likely require some sort of grand bargain. What would the United States sacrifice to garner Russian favor with respect to China? Silence on Russia's human rights situation? No more sanctions? Abandonment of Ukraine, Georgia, and other countries in Eurasia to a Russian sphere of influence? It is doubtful that any of these sacrifices would be worth the return. Even if one assumes that Russia will one day align with the West, the costs to American interests and values required to strike a deal with Moscow in the short-term, if such a deal were even possible, overwhelm any potential benefits. A Russo-American alliance against China seems as unlikely and unwise in certain respects as a Russo-Chinese Alliance against the United States.

Furthermore, even amid rising tensions over tariffs and North Korea, Sino-American relations seem in better shape than those between Moscow and Washington. Indeed, Trump's pursuit of better relations with Putin is making little headway. The White House has delayed an invitation for Putin to visit the United States until next year, meaning that Trump and Putin so far have only met in third countries. President Xi, by contrast, visited Trump at Mar-a-Largo in April 2017, and Trump traveled to Beijing for an elaborate visit there last November.

The U.S.-China relationship, in other words, is much deeper and more productive than the one between Russia and the United States—or the one between Russia and China. For the time being, that will act, along with other factors, as a drag on the hope some have of seeing a Russian-American rapprochement aimed at jointly containing China. That leaves many scratching their heads in wonderment as to what Trump and Putin might have discussed about China in Helsinki. Nor does it clarify where the Russia-China relationship is headed with respect to the United States. For the United States, Russia is not an ally, and China is not an enemy—for now. But the coming reconfiguration of the international system will force these countries to reconsider alliances in an effort maximize their own interests and preserve, if not carve out, their place in the world. The U.S. should engage Russia and China when and where it makes the most sense to its strategic interests, but it should also remain cautious about Moscow and Beijing's intentions and stay agile enough to react to the changes taking place in both countries. The outlook, in other words, is very gray, not black-and-white, and likely to stay that way for years to come.

The Perils of a Putsch in Venezuela

Encouraging a coup in Caracas will give Russia and China a foothold in the United States' backyard.

[Brian Fonseca](#) May 4, 2018, 12:20 PM



A member of the national guard fires his shotgun at opposition demonstrators during clashes in Caracas on July 28, 2017. (Carlos Becerra/AFP/Getty Images)

A member of the national guard fires his shotgun at opposition demonstrators during clashes in Caracas on July 28, 2017. (Carlos Becerra/AFP/Getty Images)

In recent months, high-ranking U.S. officials have been signaling to Venezuelan military leaders that they have Washington's blessing to take the reins in Caracas. In a February speech ahead of his trip to Latin America,

then-Secretary of State Rex Tillerson [said](#), “In the history of Venezuela and South American countries, it is often times that the military is the agent of change when things are so bad and the leadership can no longer serve the people.”

Others have been blunter. Just a few days after Tillerson’s remarks, Florida Sen. Marco Rubio (R) took to Twitter to [say](#) that the world “would support the Armed Forces in #Venezuela if they decide to protect the people & restore democracy by removing a dictator.” And earlier this week, in a speech at Florida International University, Juan Cruz, U.S. President Donald Trump’s special assistant and senior director for western hemisphere affairs at the National Security Council, [urged](#) “the military to respect the oath they took to perform their functions.”

Giving the green light for a military coup is not only bad for America’s image; it is also a threat to U.S. strategic interests.

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That’s because encouraging a putsch in Venezuela could backfire and end up increasing Russian and Chinese influence in the Western Hemisphere.

The U.S. officials praising the prospect of a military takeover seem to disregard the fact that U.S.-Venezuelan military relations are virtually nonexistent today. U.S. defense contacts with Venezuela declined sharply in the years following the rise of former Venezuelan President Hugo Chávez in 1999. Meanwhile, the Russians, Chinese, and Cubans have replaced the United States as the primary sources of financial, technical, and material

support to the Venezuelan military. The mere threat of a coup in Venezuela could be enough to rally the military around hard-liners and compel U.S. rivals to consider their preferred alternatives to the Maduro regime as collapse becomes imminent. Rivals with economic, political, and geostrategic interests in Venezuela, such as Russia and China, are far better positioned than the United States to influence the Venezuelan military during any transition.

Moscow and Beijing will be especially interested in cultivating ties with the top brass in Caracas if they sense that offering economic and political support to a new Venezuelan leadership could change the mineral-rich country's trajectory from an economic basket case to an economically and politically stable authoritarian regime. In such a situation, Russia, China, and Cuba — in some formal or informal configuration — could abandon the flailing and ineffective leadership of President Nicolás Maduro and back a military regime in uncomfortably close geographic proximity to the United States.

The current situation in Venezuela is untenable. Oil production is declining, public unrest is spreading, inflation is up nearly 13,000 percentage points in the last [two months](#), and military and civilian elites are becoming increasingly dissatisfied. Moreover, other countries in Latin America that stood by Chavez in the past are now denouncing Maduro. Pressure for regime change is growing.

For now, the most viable path to change involves the military in some way. However, it would take years for the United States to rebuild substantive relations with the Venezuelan armed forces after almost two decades of estrangement. Making matters worse, Washington may not be prepared to provide the economic and security assistance or the political backing in international forums like the United Nations and the Organization of

American States that would be needed to sustain a new military regime. Supporting such a regime would also create tensions between the United States and its allies in the Western Hemisphere and around the world, while legitimizing authoritarian political models at a time when China and Russia are already challenging the efficacy of democracy.

Russia, China, and Cuba all currently have extensive and friendly relations with the Venezuelan military.

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Indeed, Russian, Chinese, and Cuban engagement with the Venezuelan armed forces has increased exponentially over the last decade — Venezuelan personnel have been attending Russian and Chinese military schools for years, and Venezuela is the top buyer in Latin America for Russian and Chinese military equipment. As for the Cubans, their security forces started providing technical assistance on the ground to the Venezuelan military shortly after the last — arguably U.S.-inspired — coup attempt in 2002.

In the event of a coup, these existing ties mean that the priorities of Moscow, Beijing, and Havana will likely prevail over Washington's in managing a military transition. Moscow has experience in this regard. Russia and the Soviet Union before it supported the rise and maintenance of authoritarian regimes in Latin America — including Daniel Ortega in Nicaragua, Fidel Castro in Cuba, and military dictators such as Juan Velasco Alvarado in Peru.

The situation in Venezuela could also be an opportunity for Russia and China

to expand their emerging strategic partnership with nations in the Western Hemisphere. Both countries are increasingly using their military ties to counter U.S. influence around the world. Russian and Chinese defense officials even discussed forging a strategic partnership in a series of recent meetings. For now, their relations have been limited to bilateral meetings of key leaders and joint military exercises. Still, that should be enough to give U.S. policymakers pause.

A coup in Venezuela would be a chance for China and Russia to collaborate on an issue far away from their own spheres of influence.

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If successful, it would give them greater access to Venezuelan mineral resources as well as a military footprint in Latin America. China would likely be a silent underwriter, as it has been hesitant to openly challenge the United States in Latin America so far. Still, Beijing could provide much-needed political and economic support. Russia might flex its muscles more visibly. Both would likely avoid sending troops to support a military regime in Venezuela. However, there could be an increase in arms and equipment transfers, technical training, and Russian security contractors on the ground in Venezuela, much like what Russia has done in Syria.

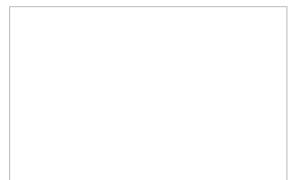
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U.S. President Donald Trump meets with Fabiana Rosales de Guaidó, the wife of Venezuelan opposition leader Juan Guaidó, in the White House on March 27.

[Trump Should Not Forget Venezuela](#)

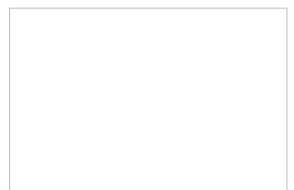
Even with the eyes of the world elsewhere, here's how Trump can keep up pressure on Maduro.



Iranian President Hassan Rouhani attends a military parade marking the country's annual Army Day in Tehran on April 18.

[How to Prevent an Accidental War With Iran](#)

With the dangers of miscalculation or misunderstanding high, Trump should act now to make sure the only wars the United States enters are the ones it really wants to.



National Security Advisor John Bolton speaks at the United Against Nuclear Iran Summit in New York on Sept. 25, 2018.

[If Nobody Knows Your Iran Policy, Does It Even Exist?](#)

The Trump administration's top foreign-policy priority is the Islamic Republic—but it's unclear to what end.

At the moment, there is no indication that Russia, China, or Cuba, together or independently, are calling for a coup in Venezuela — but the United States is. U.S. policymakers should think twice before ceding space in the region to Washington's geopolitical rivals.

A coup would not only pose a strategic threat; it would also harm U.S. economic interests. If a military regime propped up by Russia or China emerges in Venezuela, then it's likely that the last remaining U.S. oil companies operating in Venezuela, namely Chevron and Halliburton, would be forced out and replaced by Russian and Chinese firms. Moscow and Beijing would also gain greater influence over other Latin American countries. Ultimately, it could lead to the emergence of authoritarian regimes across Latin America backed by Russia and China, which would increase tensions with the United States while cementing the influence of U.S. rivals in the region. In a worst-case scenario — the United States and its rivals could find themselves at war in the Western Hemisphere.

Policymakers praising the virtues of military coups should remember the many historical examples of armed intervention in Latin America that have come back to haunt U.S. leaders — Guatemala in 1954, Chile in 1973, Argentina in 1976. And they should consider the longer-term implications of a rival-backed regime across the Caribbean before encouraging a Venezuelan military intervention.

Russian Deceptive Propaganda Growing Fast in Latin America



BY Brian Fonseca, director of the Jack D. Gordon Institute for Public Policy at Florida International University's (FIU) Steven J. Green School of International and Public Affairs

July 24, 2018

Fake news sponsored by the Kremlin aims to weaken western sources of information, democratic institutions, and reduce the overall influence of the West.

Russia's rebound in international politics after the collapse of the Soviet Union has roused many in America's foreign policy establishment. Longtime Russian experts are warning Washington about Moscow's growing threat to democracies around the world—including democracies in Latin America and the Caribbean. Russia's limited capacity to exercise influence in the international community using traditional instruments of power—such as diplomatic, economic, and military—has forced it to rely more heavily on its ability to seek to influence populations through an insidious mix of state-directed activities designed to use propaganda, misinformation and disinformation to shape the way people think. Propaganda, misinformation and disinformation are a few of many components of what Russians term propaganda.

For decades, Russian propaganda has been a key feature of Russian foreign policy in its "near abroad"—that is, former Soviet Republics and Warsaw Pact countries in close geographic proximity to Russia. However, in recent years Moscow has stepped up efforts to reorganize and engage in persistent propaganda activities in its "far abroad,"—that is regions as far away as Latin America and the Caribbean. Moscow's goal is to weaken western sources of information, democratic institutions, and reduce the overall influence of the western-led international system.

Russian propaganda is weakening confidence in western sources of information

The objective of Russian propaganda operations in Latin America is not to convince audiences as to the merits of Russian policy, to boost the image of Russia, or to promote a Russian world view, but rather to erode confidence in western institutions such as democracy and free trade, as well as western-dominated sources of information. In today's information space, the responsibility of finding truth has shifted from media outlets to individuals,

and this is complicating individuals' ability to sift through the oversaturated media environment to find truth. According to the National Endowment for Democracy, propaganda is used by Moscow to pursue its "foreign policy goals through a '4D' offensive: dismiss an opponent's claims or allegations, distort events to serve political purposes, distract from one's own activities, and dismay those who might otherwise oppose one's goals."

In Latin America, Russian media works to create enough confusion that it challenges support for U.S. and western-based media narratives and undermines the efficacy of democratic institutions throughout the region. Public support for democracy has declined from 61% in support for democracy to 53% in 2017, according to Vanderbilt University's Latin American Public Opinion Project. Perhaps the persistent decline in support for democracy in Latin America is an indicator of the success of Russia's propaganda. Russian-controlled media does this by exploiting long held suspicions about U.S. policy towards the region and exaggerating, distorting, or fabricating falsehoods regarding U.S. and western activities in the region.

Russian use of information lacks any real parallel in the West. The growing ability to manipulate narratives is key to Russian strategy – Moscow strives to fragment and dismantle the perceived dominance of Western media narratives by providing alternative perspectives that are built on the predisposed suspicions of its audiences. Russian propaganda can be categorized into three forms—black, white, and grey. Black information campaigns are factually incorrect narratives with a false originator. White information campaigns are based on the truth and open identification of the source. Grey information campaigns are narratives that distort truths or alter context and can conceal the originator.

Moscow continues adapting those operations to emerging technologies such as internet-based programming, social media platforms, and bots; the

latter being a software application designed to automate tasks over the internet. According to the researcher for the U.S. Institute for National Strategies Studies, Dr. G. Alexander Crowther, there are three types of accounts promoting Russian perspectives. The first are accounts like RT and Sputnik Mundo that openly acknowledge that they are affiliated with the Russian government. The second are accounts like those established under Russia's Internet Research Agency that use trolls and bots to spread disinformation 24 hours a day, seven days a week. The third are accounts "run by people around the world who amplify pro-Russian themes either knowingly or unknowingly, after being influenced by the efforts described above."

Continuity from the old Soviet handbook

Russia's use of propaganda to aid Russia in achieving its foreign policy objectives is nothing new. Moscow has been engaging in propaganda for nearly a century. In the 1920s, Russian information campaigns worked to discredit dissident communities in Europe. During the Soviet period, Moscow institutionalized the use of propaganda in Russian security and intelligence services, establishing a disinformation unit within the First Chief Directorate of the Soviet Intelligence Agency. Russian propaganda surged in the late 1970s and into the 1980s. In the 1980s, Russian propagandists attempted to pin the origins of AIDS to a U.S. biological weapons experiment being conducted at Ft. Detrick, Md. This operation, named Operation Infektion, was one among many aimed at discrediting the U.S. around the world.

Russian propaganda is not entirely new to Latin America either. In the early 1980s, Russia used misinformation to discredit the U.S. in its "near abroad." Russia used misinformation in an effort to discredit Salvadoran support for U.S. policy in Central America. According to declassified CIA assessments, in December 1980, the Soviet Union Communist Party's official newspaper

Pravda published a false story claiming that the U.S. was involved in using napalm and herbicides against non-combatants in El Salvador. In January 1981, the weekly Russian newspaper Literaturnagya Gazeta published an article falsely claiming that the U.S. was preparing to eliminate thousands of Salvadorans—in a sense reminding Salvadorans, and the region, about El Salvador's dark history when its elites attempted to purge the country of its indigenous communities.

Russian propaganda is surging in Latin America and the Caribbean

Russian propaganda, misinformation, and disinformation have all increased substantially over the last decade. Russian media outlets like RT, Sputnik Mundo, TASS and Voices of Russia are all actively broadcasting in Latin America. Unlike mainstream western outlets such as CNN, MSNBC, FOX and BBC, Russian outlets are not operating as independent media. Rather these media outlets are directly supporting Russian foreign policy objectives. Russian media leverages the growing platforms to deliver information—television broadcasting, social media, and the internet—in order to reach and influence Latin American audiences, often in Spanish.

Russian investment in Russian media outlets around the world totaled about \$323 million in 2017, although there is no statistical evidence regarding Russian media penetration in Latin America. It is estimated that RT and Sputnik alone can reach nearly the entire region. RT has agreements with about 320 cable providers throughout the region. Its tag line is “question more,” illustrating its intention to challenge western narratives and promote conspiracy theories. Initially, Russian messaging seemed opportunistic and not well coordinated among the various Russian-controlled media outlets in the region. However, in recent years that has changed, and Russian media appears far more coordinated in their messaging efforts.

Additionally, Russian propaganda often exploits underfunded and under-resourced media outlets, including many in Latin America, in order to amplify their message. These are known as proxy media outlets. Latin American outlets have limited capacity to fact check everything, and in the race to ensure fresh content, find themselves re-publishing Russia media narratives. This gives the impression that Russia's message is consistent with Latin America's message. In fact, Moscow much prefers the message to come from Latin American media outlets because it carries more credibility.

One of the false narratives that Russia is pushing hard in Latin America deals with U.S. military presence in the region. Moscow understands the historical legacy of U.S. military interventions in the region and is attempting to leverage that history to spread misinformation. In 2016, Sputnik Mundo published a false story claiming that the U.S. was standing up two military bases in Argentina—one in Patagonia and the other in the Tri-border area. In early 2017, RT Actualidad published another false story claiming that the U.S. was establishing a new military base in the Peruvian Amazon. The timing of both messaging campaigns corresponded with ongoing U.S. military equipment sales in Argentina and Peru. This illustrates intentionality in the use of Russia propaganda to achieve specific gains. In the cases of Peru and Argentina it was to undermine U.S. military equipment sales in the region.

In 2017, former U.S. National Security Advisor H.R. McMaster and Congressman Marco Rubio asserted that Russian misinformation campaigns were being used to shape outcomes in several upcoming Latin American elections, including Brazilian, Colombian, and Mexican elections. Altering the political landscapes among critical U.S. allies from friendly to more adversarial environments would be a huge victory for Moscow.

In late 2017, RT published a piece insinuating the UK was responsible for the missing Argentine submarine ARA San Juan, claiming the Argentine

submarine was being “chased” by a British helicopter. In reality, a Royal Airforce C-130 based in the Falklands was among the first on the scene to support search and rescue missions. These are the kinds of baseless and distorted claims consistent with Russian misinformation and disinformation efforts in the region.

In addition to media platforms, Russia is strengthening its ties with Russian diaspora across Latin America through NGOs, businesses, and the Russian Orthodox Church in an effort to leverage these communities to amplify Moscow’s messaging, similar to the way Moscow leveraged Russian-speaking communities in Estonia and the Ukraine. However, in the near-term, Russian-speaking communities will remain an available but limited tool in advancing Moscow’s interests in Latin America. Russian diaspora have not gained any significant political influence to shaping Latin America and Caribbean politics or advance Russian political influence. The diaspora will continue serving as an instrument to promote Russian views and close the gap between Latin American and Caribbean societies and Moscow, if persistent, over the long term.

Still, Russian media is among dozens of media outlets, representing countries all over the world. This saturation of information likely dilutes the impact that Russian media has in the region, although there is still no scientific way to measure the impact of Russian propaganda. However, it is the online programming and social media where Russian media outlets like RT or Sputnik have the biggest opportunity for growth. This is the medium that most middle class, younger audiences turn to for their information, offering the Kremlin an opportunity to effectively and efficiently reach the most influential sectors of society.

To effectively mitigate the threat of Russian propaganda, the U.S. and its Latin American allies should continue reinforcing the importance of

democratic institutions and principles through practice and help create resilience among communities in the region. Finally, the U.S. and its allies should continue to expose the falsehoods of Russian messaging and expose Moscow's authoritarian practices, which run counter to the emerging political culture among Latin American societies.

*Brian Fonseca also serves as an Adjunct Professor at FIU's Department of Politics and International Relations and is a Cybersecurity Policy Fellow at the Washington D.C.-think tank New America.

Venezuela isn't Syria: Why the US shouldn't overreact to Putin's bluff

Editor's Note: [Brian Fonseca](#) is director of the Jack D. Gordon Institute for Public Policy at Florida International University's (FIU's) Steven J. Green School of International and Public Affairs. [David J. Kramer](#) is a senior fellow in the Vaclav Havel Program for Human Rights and Diplomacy at FIU and a former US State Department official. [Frank O. Mora](#) is director of the Kimberly Green Latin American and Caribbean Center, a professor of politics and international relations at FIU, and a former Defense Department official. The views expressed in this commentary are their own. View more [opinion](#) on CNN.

CNN — none

Many governments, led by the US, have recognized National Assembly speaker Juan Guaido as the legitimate president of Venezuela. Russia, among others, is sticking with strongman President Nicolas Maduro. For Russian President Vladimir Putin, who has a tendency to support brutal, like-minded authoritarian leaders around the world, betting on Maduro is not a surprise.

Putin has much to gain from this move: Venezuela under Maduro gives him an opportunity to flex Russia's muscles and needle the US in the Western Hemisphere, while affording economic inroads for Russia.

But there are limits to how far Putin will go, and the US shouldn't get too worked up by what Russia's power move amounts to: a bluff.

Sometimes Putin's bets on authoritarian leaders turn out well, others not so. Putin's military intervention in Syria in September 2015 proved decisive in

saving the murderous Bashar al-Assad and keeping him in power to this day. Putin's backing for former Ukrainian President Viktor Yanukovich ended with Yanukovich fleeing power in 2014 and Ukraine more pro-Western than ever, albeit at great cost because of Putin's ensuing invasion.

Moscow relishes opportunities to challenge the US. Doing so in support of a dictator less than 1,500 miles away from Miami is especially enticing for Putin. Given Putin's belief that the West has meddled in Russia's neighborhood in Georgia and Ukraine, he sees Venezuela as an opportunity to return the favor to the United States.

Russian support for Venezuela comes in the form of public messaging aimed at chipping away American credibility. At the UN Security Council on Saturday where Venezuela was the focus of debate, Russia's representative, Vasily Nebenzya, blasted the US for trying "to engineer a coup d'etat in Venezuela."

"If anything represents a threat to peace and security," Nebenzya stated, "it is the shameless and aggressive actions of the United States and their allies to oust a legitimately elected President of Venezuela."

Similar warnings have come from other Russian officials, with Foreign Minister Sergei Lavrov denouncing the US' "destructive policy" on Venezuela for recognizing Guaido over Maduro. Following a phone call between Maduro and Putin, the Kremlin complained about "destructive outside interference." In a claim rich with hypocrisy given Putin's violation of the sovereignty and territorial integrity of neighboring Georgia and Ukraine, the Kremlin statement went on to warn that the US and others "grossly trample fundamental norms of international law."

Rhetoric is not the only means by which Putin has supported Maduro and his predecessor, Hugo Chavez. Over the past decade, the Kremlin has sent

Caracas billions of dollars – estimates range from \$17 billion to \$25 billion – to prop up Maduro's (and before that, Chavez's) regime. Rosneft's head and Putin ally Igor Sechin has paid numerous visits to Caracas as a show of Russian support for Maduro. Rosneft has claimed sizable stakes in Venezuelan gas and oil fields. Still, recent US oil sanctions against Venezuela have already caused pause among Russian energy firms. Russia's Lukoil reportedly suspended contracts with Venezuela's state-owned oil company Petr6leos de Venezuela as a result.

The Venezuelan military, whose support has been vital to Maduro, has strong ties to the Russian military. Two Russian nuclear-capable, long-range Russian bombers flew to Venezuela in December, and arms sales from Russia to Venezuela have been steady. More recently, around 400 Russian contractors landed in Venezuela to provide personal protection for Maduro, [Reuters reported](#).

Despite this support, Venezuela is not Syria, where Russia had a long-standing base and was in a position with nearby forces to intervene in that conflict. Russia's ability to project power in a serious way in Venezuela, a country thousands of miles away from Moscow, is virtually non-existent. Accordingly, while Russia can come to Maduro's support in the UN, Russia should not be hyped into a decisive player on the ground in Venezuela.

Moreover, Russia faces weaknesses at home. Its economy is stagnant, and the government last year decided for financial reasons to increase the age for pension eligibility in an extremely unpopular move. How then can the Kremlin justify sending billions of dollars to prop up Maduro? Putin's disapproval rating has climbed to levels unseen since before his invasion of Ukraine, according to [polling from the Levada Center](#) – and while 34% disapproval would be good enough for any Western leader, those are historically weak numbers for Putin, in a country where polling is difficult and

citizens might be afraid to tell a stranger they don't like Putin. A reckless military adventure and possible loss of Russian lives in far-away Venezuela won't help Putin's ratings.

Russia opposition activist Alexei Navalny [recently tweeted](#) that Venezuela's revolution means that billions of dollars "of our money that was invested over there will disappear." In a few months, Navalny predicted, Maduro may wind up seeking refuge in Moscow.

With Russia propping up his opponent, how can Guaido best handle the situation?

To avoid unnecessary problems with Moscow, Guaido should indicate that he will review all deals with outside powers, including with Russia, to ensure they serve the interests of the Venezuelan people, not a corrupt ruling class. By stating respect for investments and rule of law, Guaido would remove any automatic nullification of deals signed with Russia – unless those deals were done for the sole benefit of Maduro and those around him.

The US should not overreact to Putin's bluff. Instead, Washington should focus on working with the international community to maintain and shore up support for democracy in Venezuela.

The Russian government is not alone in sticking with Maduro, but Putin's support for his Venezuelan counterpart is but the latest example of his standing by a murderous ruler who has destroyed his country for the sole purpose of staying in power and robbing it blind. The two have much in common.

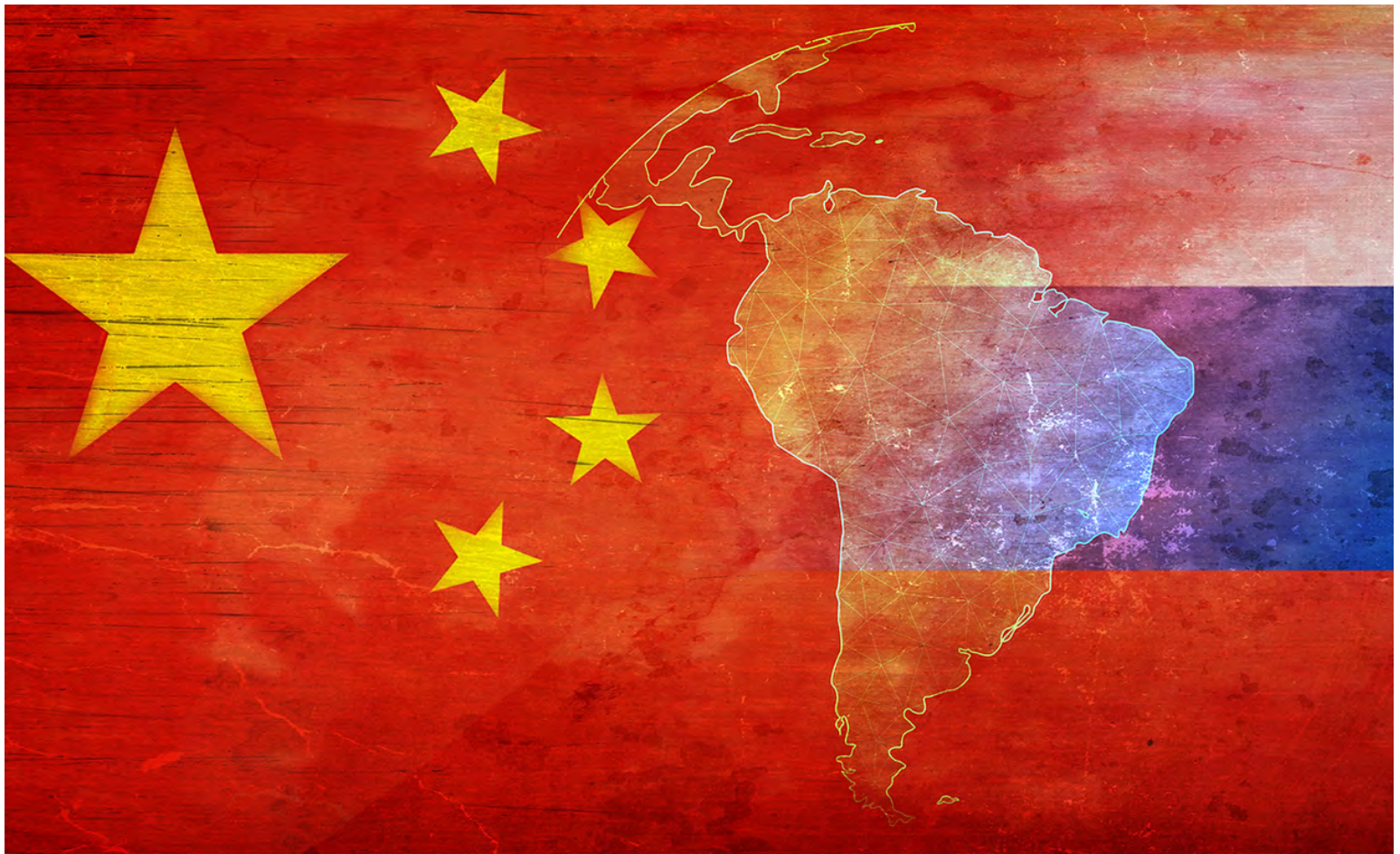
CYBERSECURITY INITIATIVE

Are China and Russia on the Cyber Offensive in Latin America and the Caribbean?

A Review of Their Cyber Capabilities and Implications for the U.S. and its Partners in the Region

By: Robert Morgus, Brian Fonseca, Kieran Green,
1 more

Last updated on July 26th, 2019



Abstract

This report explores the current military cyber structures and operations of China and Russia in order to postulate how both countries could conduct cyber operations in Latin America and the Caribbean, and their motivations for doing so. We look at key actors in each state to provide an overview of current capabilities, and use the DIME (diplomacy, information, military, economics) framework to assess how they might use cyber and information capabilities in pursuit of national objectives in the region.

Contents

Introduction

China and Cyberspace

Russia and Cyberspace

Chinese and Russian Use of Cyber Capabilities in Latin America and the Caribbean

Conclusion

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A WAY FORWARD FOR VENEZUELA: THE HUMANITARIAN, DIPLOMATIC, AND NATIONAL SECURITY CHALLENGES FACING THE BIDEN ADMINISTRATION

[House Hearing, 117 Congress]

[From the U.S. Government Publishing Office]

A WAY FORWARD FOR VENEZUELA:
THE HUMANITARIAN, DIPLOMATIC, AND NATIONAL SECURITY
CHALLENGES FACING THE BIDEN ADMINISTRATION

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HEARING

BEFORE THE

SUBCOMMITTEE ON
WESTERN HEMISPHERE, CIVILIAN SECURITY,
MIGRATION AND INTERNATIONAL ECONOMIC POLICY

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

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Policy, Florida International University.....

Berg, Dr. Ryan C., Research Fellow, Latin America Studies,
American Enterprise Institute.....

APPENDIX

Hearing Notice.....

Hearing Minutes.....

Hearing Attendance.....

OPENING STATEMENT FROM CHAIRMAN SIRES

Opening statement from Chairman Sires.....

RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD

Responses to questions submitted for the record.....

A WAY FORWARD FOR VENEZUELA: THE HUMANITARIAN, DIPLOMATIC, AND NATIONAL SECURITY CHALLENGES FACING THE BIDEN ADMINISTRATION

Wednesday, March 3, 2021

House of Representatives,
Subcommittee on the Western Hemisphere,
Civilian Security, Migration, and International
Economic Policy,
Committee on Foreign Affairs,
Washington,

The subcommittee met, pursuant to notice, at 10:08 a.m., in room 2172, Rayburn House Office Building, Hon. Albio Sires (Chairman of the Subcommittee) presiding.

Mr. Sires. Good morning, everyone. Thank you to our witnesses for being here today.

This hearing entitled, ``A Way Forward For Venezuela: The Humanitarian, Diplomatic, and National Security Challenges Facing the Biden Administration,'' will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point and all members will have 5 days to submit statements, extraneous material, and questions for the record, subject to the length limitation in the rules. To insert something into the record, please have your staff email the previously mentioned address.

As a reminder to members, staff, and all others physically present in this room, per recent guidance from the Office of the Attending Physician, masks must be worn at all times during today's hearing. Please also sanitize your sitting area.

The chair used these measures as a safety issue and, therefore, an important matter of order and decorum for this proceeding.

As a reminder to members joining remotely, please keep your video function on at all times, even when you are not

recognized by the chair. Members are responsible for muting and unmuting themselves. And please remember to mute yourself after you finish speaking.

Consistent with H. Res. 8 and other accompanying regulations, staff will only mute members and witnesses as appropriate, when they are not under recognition, to eliminate background noises.

I see that we have a quorum, and will now recognize myself.

This is our first subcommittee hearing of the 117th Congress, so I want to welcome all of our new and returning members. I look forward to working with each of you, Democrats and Republicans, to advance United States interests and deepen our engagement with the Western Hemisphere.

I want to recognize my friend, Juan Vargas, who will be our new vice chair. And I would like to welcome our new ranking member, Mark Green. Congressman Green and I met for the first time last week, and I am optimistic that we will be able to work effectively together on a bipartisan basis.

I called today's hearing because I want to begin this Congress where we began last year, by shining a spotlight on the crisis in Venezuela. Two years ago, I chaired a hearing entitled, "Made by Maduro," where we discussed the humanitarian crisis caused by Venezuela's dictator, Nicolas Maduro.

Unfortunately, while international attention seems to be shifting away from Venezuela, the crisis in the country has only deepened over the last 3 years. A report issued by the United Nations last September confirmed that Maduro's regime has committed crimes against humanity. Over 90 percent of Venezuelans are living in poverty, suffering under conditions made worse by the pandemic. Over five and a half million Venezuelans have been forced to flee their homes.

In April 2019, I led a congressional delegation to the Colombia border with Venezuela. I met mothers who had walked hours in the hot sun just to get a meal for their children. I

heard stories about family members with chronic diseases who could not obtain the medication they needed in Venezuela and were struggling to survive. I saw firsthand the suffering this regime has caused.

For me, the Venezuela crisis has never been about politics. The question I have always asked is, what can we, the U.S. Congress, do to help end the humanitarian tragedy?

We have a moral obligation not to turn away from what is happening in Venezuela. I am proud that the U.S. Agency for International Development has led the way in providing humanitarian assistance to the region.

I salute all those courageous Venezuelans and international aid workers who are working in the country to deliver food and medicine.

I want to recognize the efforts of the interim President, Juan Guaido, and his government. They are prioritizing the needs of the Venezuelan people by pursuing an agreement for vaccine deployment and by calling for the World Food Programme to be allowed to operate in the country.

I also want to applaud the Colombian Government, in particular President Ivan Duque, for his recent decision to grant temporary protective status to Venezuelans. In the face of one of the largest refugee crises in modern history, Colombia has shown tremendous generosity in providing safe haven for Venezuelans.

I urge other countries to follow Colombia's example and an end to harmful policies like deporting Venezuelans back into harm's way.

I also urge Congress to urgently pass legislation to grant temporary protective status to Venezuelans fleeing the crisis. House Democrats did this in 2019, and I sincerely hope that all of my colleagues would join that effort this year to finally provide the relief that Venezuelans deserve.

Ultimately, know that an end to the humanitarian crisis requires a political solution. Ranking Member Green and I will

introduce a resolution in the coming days expressing our bipartisan commitment to supporting democratic aspirations of the Venezuelan people. We must pursue a solution to the crisis with the urgency it deserves.

I believe the U.S. must work more closely with our allies in Latin America and in Europe to advance a coordinated diplomatic strategy. We should also be much more assertive in calling out the regimes that are helping to keep Maduro in power, including Turkey, China, and Iran, and especially Cuba and Russia.

I am confident that President Biden, who has demonstrated a lifelong commitment to Latin America, will bring the international community together behind the goal of pursuing a peaceful transition that swiftly leads to free and fair elections.

I look forward to hearing from the experts with us today about what the U.S. Congress and the new administration can do, in close coordination with our allies, to help the Venezuelan people in reclaiming their democracy.

Thank you.

And I now turn to the ranking member for his opening statement.

Mr. Green. Thank you, Chairman Sires, for holding this hearing on the ongoing crisis in Venezuela. It is an honor to serve as the new ranking member of this subcommittee, and I look forward to working closely with you, Mr. Chairman, on the various issues.

And I do believe that when we met the other day, we realized you and I have a lot more overlap in the way we think than the traditional right/left side of the aisle. So I think we are going to have a great time standing up for the people in this hemisphere.

Today, we are discussing the political and humanitarian crisis caused by the illegitimate Maduro regime that has left a once prosperous country in political and economic shambles. The

regime's socialist policies and endemic corruption have resulted in years of economic free fall, hyperinflation, and shortages in basic goods. Venezuela has a poverty rate of 96 percent that has driven almost 6 million of its citizens to seek a better life in other regions.

This migration crisis has strained the resources of neighboring countries in the region, including Colombia, our closest regional partner impacted by the Venezuelan crisis.

In addition to the economic crisis, the Maduro regime is among the world's worst violators of human rights, including recent accusations of crimes against humanity by the U.N.'s fact-finding mission.

According to local human rights group Foro Penal, there are currently close to 330 political prisoners in Venezuela, not including the illegal detention of six American Citgo executives held on false charges and without due process.

But the regime cannot carry out these atrocities alone. It has been bolstered by some of the world's most brutal regimes. The Communist regime in Cuba has successfully exported its oppressive system to Venezuela and directly supports the Maduro regime's oppressive tactics and human rights abuses.

Further, the Chinese Communist Party has provided billions in loans to the regime and was recently found to be sharing technology used to surveil political opposition figures.

The Maduro regime has also strengthened ties with Russia, which has provided military equipment, and Iran, which has joined Russia in helping the Maduro regime avoid U.S. oil sanctions.

The regime has also built ties with the region's non-state criminal actors, including FARC and ELN, U.S.-designated criminal groups who are allowed free rein in Venezuela to carry out narcotrafficking, illegal mining, and other illicit activities.

I applaud the Trump administration for leading international recognition of the interim President, Juan

Guaido, and for holding the Maduro regime accountable by imposing tough and necessary sanctions on Venezuela's State company and individuals accused of corruption and human rights abuses.

Some claim that U.S. sanctions are to blame for the country's economic crisis. But I want to be very clear today. The Maduro regime alone is responsible for the crisis and for blocking humanitarian assistance from entering Venezuela. I applaud the European Union for recent sanctioning 19 Maduro regime officials, and I strongly condemn the Maduro regime's expulsion of their Ambassador in retaliation.

The United States has also led humanitarian efforts by donating more than \$1.2 billion in assistance to Venezuela and its neighbors in the region to address this humanitarian crisis. And while the United States is proud to lead, I urge the rest of the international community to join us in this effort.

I also applaud the brave efforts of the interim government and the democratic opposition, which has withstood violent oppression and has been illegally removed from the rightful post in the National Assembly through the Maduro regime's illegitimate elections. These brave men and women deserve our support as they seek freedom for the Venezuelan people.

Additionally, I was pleased to hear that the Biden Administration will continue to recognize President Guaido as the legitimate leader of Venezuela. And while I believe there is a role for multilateralism in addressing the crisis, the United States must continue to lead these efforts.

The Maduro regime's continued subversion of democratic institutions, human rights abuses, and criminal activities demonstrate their unwillingness to reform. I believe that dialog with this criminal regime cannot be possible without a clear demonstration that they are willing to negotiate in good faith.

The U.S. Congress and this committee will play a critical

role in overseeing U.S. policy in Venezuela and ensuring that we have a comprehensive strategy that will lead to a peaceful democratic transition for the Venezuelan people.

The crisis in Venezuela does not only impact our neighbors in South America, it threatens United States national security, and we cannot afford to allow it to worsen.

I look forward to the testimonies of our witnesses today, and, Mr. Chairman, working with you.

And I yield back.

Mr. Sires. Thank you very much Ranking Member Green.

I will now introduce Mr. Feliciano Reyna. He is the founder and executive president of Accion Solidaria, an organization that has worked since 1995 to combat the HIV-AIDS epidemic. Between 2005 and 2012, he also was president of Sinergia, the Venezuelan Association of Civil Society Organizations.

Mr. Reyna has coordinated relief efforts in Venezuela through Accion Solidaria since 2016 to address the country's humanitarian crisis. He is also a board member of the International Center for Not-for-Profit Law.

Mr. Reyna holds a bachelor's of architecture from Cornell University.

Mr. Reyna, welcome. We welcome you to the hearing.

We will then hear from Dr. Cynthia J. Arnson. She is the director of the Wilson Center's Latin American Program. A leading expert on Latin America and the Caribbean, she has testified numerous times before the House and the Senate and has written many publications on the region, particularly on U.S. policy toward Latin America.

She also served as a former foreign policy aide in Congress. Dr. Arnson holds a Ph.D. From Johns Hopkins University.

Dr. Arnson, thank you for joining us today.

Our third witness is Mr. Brian Fonseca. He is the director of the Jack D. Gordon Institute of Public Policy at Florida International University and an adjunct professor of politics

and international relations.

Mr. Fonseca is an expert on U.S. national security and has written publications focused on Russian and Chinese engagement in Latin America and Russian-Venezuelan relations.

He holds a degree in international business and international relations from Florida International University and attended Sichuan University in Chengdu, China, and the National Defense University in Washington.

Mr. Fonseca, we welcome you to the hearing.

Finally, we will hear from Dr. Ryan Berg. He is a research fellow at the American Enterprise Institute. His research focuses on Latin America and specifically U.S. foreign policy, national security and development issues, and the region's transnational organized crime and narcotrafficking.

Previously, he served as a research consultant at the World Bank, a Fulbright scholar in Brazil, and a visiting doctoral fellow at the Graduate Institute of International and Development Studies in Geneva, Switzerland.

Dr. Berg obtained a Ph.D. in political science from the University of Oxford.

Dr. Berg, thank you for joining us today.

I ask the witnesses to please limit your testimony to 5 minutes, and, without objection, your prepared statements will be made part of the record.

Mr. Reyna, you are recognized for your testimony.

STATEMENT OF MR. FELICIANO REYNA, FOUNDER AND EXECUTIVE PRESIDENT, ACCION SOLIDARIA

Mr. Reyna. Good morning, Chairman Sires. Thank you and distinguished members of the subcommittee. As a Venezuelan implementing a humanitarian action program in Venezuela, I really appreciate your invitation to address this subcommittee today.

Since late 2015, Venezuela's complex humanitarian emerg

has caused deprivations of the people's rights to health, education, livelihoods, and access to basic services, such as water and electricity. Human insecurity has forced millions to flee, unable to cope with such daily struggles here at home.

Understanding the nature and broad dimension of the humanitarian emergency and its effects in widespread loss of life and human suffering continues to be necessary to properly address it, finding the means to work through the barriers imposed by the political conflict which have been an obstacle to scaling up much needed humanitarian support.

In this challenging environment, over 120 national and international NGOs have partnered with the U.N. system and many others are coordinating independently to implement humanitarian programs all over the country. Venezuelan NGOs not only were the very first responders in early 2016, but have continued building capacities to provide a progressively increasing humanitarian response.

Despite fear of politicization of aid delivery among donor countries, the United States continues to be the largest funder of the humanitarian response, with over 40 percent for 2020. However, even though Venezuela has the world's fourth-largest food insecure population, it had the least-financed 2020 humanitarian response plan among 34 countries in need.

Despite having the world's second-largest migrant population, Venezuela's appeal for the regional migration response in 2020 was \$1.4 billion while Syria's was \$6 billion.

Regardless of challenges, there are opportunities for the United States to scale up humanitarian support.

One, promoting multilateral engagement among donor countries to address both the humanitarian emergency in Venezuela and the migrant response in the region.

Two, increasing funding for local Venezuelan humanitarian and community-based organizations, allowing for longer-term funding, at least 2 years at a time, strengthening local capacities for future sustained development.

Three, continuing to support initiatives, such as the agreement reached between the Humanitarian Aid Commission of the 2015 National Assembly and the Venezuelan Health Department, as well as the COVAX initiative and the Humanitarian Response Plan 2021.

Four, engaging multilaterally and creatively with key actors within the Maduro government to open the humanitarian space, expand humanitarian action, and protect humanitarian workers and organizations serving people in need.

Five, revising general and secondary sanctions which have an impact on the Venezuelan population already severely affected by the humanitarian emergency. Licenses for oil for diesel swaps, for example, should be extended again.

Six, adopting the TPS for Venezuelans, joining the recent approval by the Colombian Government.

These humane and rights-based initiatives could also become a framework for a coordinated regional response.

Distinguished members of the subcommittee, humanitarian responses save lives and alleviate suffering, adhering to the "do no harm" principle. Finding a long-lasting, nonviolent democratic solution to Venezuela's political conflict will take time. Without such a solution, the humanitarian emergency will continue to take its toll on the Venezuelan people, forcing many more to flee.

However, we all have a moral obligation, as Chairman Sires said, to save lives today, to alleviate suffering today. We cannot wait to do so once the political conflict is solved, for it will not be solved for a while, not for the millions in need inside Venezuela, not for those forced to migrate who also suffer along the way, not for the region, which will also continue to be impacted.

To save lives and alleviate suffering today and to continue contributing to a long-lasting, nonviolent, democratic solution to Venezuela's political conflict demands multilateral thought and action by the international political, diplomatic, human

rights, and humanitarian community, as well as engagement with those who control power today in Venezuela.

Together with Venezuelan political party actors, multilateral thinking and action must include Venezuelan civil society organizations on the ground which have proven to have the capacities, commitment, courage to generate solutions to the humanitarian emergency, create opportunities for sustained development, and continue advocating for human rights despite threats and risks.

Thank you.

[The prepared statement of Mr. Reyna follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Sires. Thank you, Mr. Reyna.

Now we will hear from Dr. Arnson.

I now turn to you for your testimony.

STATEMENT OF DR. CYNTHIA J. ARNSON, DIRECTOR, THE WILSON CENTER
LATIN AMERICA PROGRAM

Dr. Arnson. [inaudible] And notably--oops. I am--am I muted? Uh-oh. Am I muted? No, I am not muted. Sorry. Okay.

The prospects of a democratic transition in Venezuela have worsened. The Armed Forces, an essential pillar of regime survival, have remained united despite multiple efforts inside and outside the country to foster divisions. Maduro's repressive apparatus remains fully intact, with murders carried out with impunity in poor neighborhoods, political prisoners tortured, raids and attacks on nongovernmental organizations.

As others have pointed out, this growing authoritarianism has gone hand in hand with Venezuela's economic collapse. Because of that collapse, others have made reference to the refugee flows. The United Nations estimates that another 3 million Venezuelan migrants and refugees will leave the country

in 2021.

Countries in South America and the Caribbean are simply incapable of absorbing such large additional refugee populations and the threats to social cohesion and political stability should not be taken lightly.

In approaching the Venezuelan crisis, the U.S. Government should establish both long-term and short-term goals.

The long-term goal is the one that we all know and has been longstanding in U.S. policy, which is the democratization of Venezuela's political life via free, fair, and verifiable elections.

So the question is, what are the short-term measures that can be adopted that could help lead to that outcome?

First, now that the scenarios aimed at the collapse of the regime have been tried and have failed, it is important to achieve broad political agreements that offer some guarantees to the regime and its supporters in exchange for concessions. This constitutes a more fruitful strategy for stabilizing and democratizing Venezuela.

As Feliciano Reyna was pointing out, humanitarian agreements can serve as stepping stones toward a more comprehensive settlement. Partial agreements build trust among the parties, and if they are successful they build faith among the population at large in the possibility of negotiated outcomes.

And as we have just heard, the discussions in Venezuela over ways for access to the COVID-19 vaccines through COVAX to carry out a national vaccination campaign are a hopeful step.

The U.S. Government should not lead these efforts at partial agreements, but the Biden Administration should recognize that the sectoral, the secondary, the individual sanctions, the criminal indictments, give the United States tremendous leverage in Venezuela.

Prudently targeted sanctions relief in exchange for verifiable concessions, such as the release of political

prisoners, an easing of the restrictions on humanitarian aid, the reform of the National Electoral Council, should be carefully considered as part of a broad strategy coordinated with Venezuelan civil society and other actors in the international community.

In any negotiation, creating incentives, not just wielding sticks, is essential to bringing the parties together.

Although U.S. sanctions policy allows for humanitarian exemptions, as the recent GAO report pointed out, these may not be functioning well enough to provide enough maneuvering space for humanitarian actors on the ground. Those humanitarian exemptions should be revised in coordination with Venezuelan civil society actors.

The Biden Administration should also consult with a broad range not only of Venezuelan actors, but international relief organizations to clear up remaining obstacles.

As others have mentioned, the Biden Administration's of cited preference for multilateralism in foreign policy is an asset in approaching Venezuela. Multiple international partners of the United States have worked to maintain channels of communication with all sides. These include the European Union, the International Contact Group, the Lima Group, the Governments of Norway and Sweden.

All of these countries and organizations have, as a common denominator, their search for a peaceful, democratic solution to the Venezuelan crisis.

And as my colleague Brian Fonseca will shortly indicate, we should not harbor illusions that the only important international actors in Venezuela are Western democracies seeking a democratic outcome. Russia, China, Cuba, India, Turkey, and Iran have played a variety of roles in sustaining the Maduro regime. But we should keep in mind that their interests are diverse, as is their relative importance to regime survival.

Finally, and to reiterate the point about refugees, the

United States has done a huge amount to assist South American and Caribbean countries hosting Venezuelan refugees, but much more needs to be done. In 2020, the United Nations Refugee and Migrant Response Plan received less than half of the international funding that it requested and identified to meet the needs of Venezuelan migrants and refugees across the region.

And special attention, as Chairman Sires pointed out, should be given to Colombia, which hosts more Venezuelan refugees than any country in the world and which just extended temporary protective status for 10 years to the almost 2 million refugees within its borders.

The United States can and must play an ongoing leading role in mobilizing resources that are sufficient for Colombia, as well as other frontline nations that are directly impacted by Venezuela's ongoing meltdown.

Thank you very much.

[The prepared statement of Dr. Arnson follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Sires. Thank you very much.

I now turn to your testimony, Mr. Fonseca.

STATEMENT OF MR. BRIAN FONSECA, DIRECTOR, JACK D. GORDON
INSTITUTE FOR PUBLIC POLICY, FLORIDA INTERNATIONAL UNIVERSITY

Mr. Fonseca. Thank you, Chairman Sires, Ranking Member Green, distinguished members of the subcommittee, of course including my own hometown Representative, Congresswoman Salazar. It is my privilege to address you today on the state of Venezuelan foreign relations and its short-term and long-term effects on U.S. policy.

As already stated, Venezuela is in the midst of one of the worst economic contractions ever recorded, and because of that,

the Maduro dictatorship continues to lean on a small group of States to remain in power. Russia, China, Cuba, Turkey, and Iran have all played important supporting roles for the regime.

These countries help Maduro bypass U.S. sanctions to keep the Venezuelan economy muddling through and provide technical assistance to help stave off internal and external threats.

The question before the House today is not whether the Venezuelan Government is a repressive and corrupt authoritarian regime. I believe that is clear. Rather, what can we do to alleviate the ongoing humanitarian crisis, regain influence on the ground, displace our geopolitical rivals, aid in the restoration of democratic governance, and help pave the way for a prosperous country for the Venezuelan people?

My testimony will focus on Russian-Venezuelan relations, but I must point out that Russia is just one of a handful of countries vital to Venezuelan domestic and foreign policy interests.

The considerations binding Russia, Venezuela, and the others are far less ideological. Instead, these countries are tied together by common authoritarian political structures and economic and political opportunism.

Furthermore, these countries all share antagonistic relationships with the United States. That is, regime survival, combined with our policy position, for better or worse, encourage these authoritarian regimes to travel together.

These countries also overwhelmingly prioritize their own survival well above the relationships. That leads me to conclude that these relationships--Russia-Venezuela included--are largely transactional and vulnerable to fracturing.

The Russo-Venezuelan relationship has evolved a great deal since former President Hugo Chavez and Vladimir Putin first met in Moscow in 2001. Putin saw tremendous economic and political opportunities in Venezuela, while Chavez sought to diversify its foreign relations away from the United States.

In subsequent years, Russian companies invested billions

into Venezuela, largely focusing on arms and energy deals. Chavez also offered Russia political and military access on the ground in Venezuela.

Interestingly, much of the surge in Russian-Venezuelan engagement occurred during Maduro's tenure as Chavez's of Foreign Affairs from 2006 to 2013.

After ascending to office in 2013, Maduro sought to leverage his relations with Russia and others to stave off challenges from internal political opposition, offset the massive amount of money siphoned through widespread corruption and criminality, and mitigate the economic death spiral that accelerated shortly after he took office.

Today, most experts would agree that Russia's direct business activities in Venezuela have not yielded the desired return on investment. Still, it maintains important economic interests; namely, energy infrastructure and enduring arms contracts.

However, the lack of direct ROI has forced the Russians to focus more on the indirect economic benefits and extracting political and geopolitical value out of Venezuela, primarily, maintaining a geostrategic footprint near the U.S., portraying Russia as a global power, unsettling American policymakers, undermining Western democratic values, and scoring political points at home for Putin.

In the economic context, Russia is just one of several countries vying for access to Venezuela's large proven oil reserves. There are clear indications that Rosneft and other Russian companies were taking huge losses well before U.S. sanctions.

Despite their losses, Russia owned significant energy assets in Venezuela, including nearly 81 billion barrels of proven reserves via its joint ventures with PDVSA—that, by the way, it chooses to leave in the ground.

One theory is that Russia is content with locking up Venezuelan oil in the ground and reducing global supply so that

it can fetch a higher price for its own heavy crude on the global market.

Russia exports roughly 9 to 10 million barrels of heavy crude per day. So a \$5 increase in price of a barrel would generate roughly an additional \$50 million a day for Russian exporters. Thus, Russia may be deriving indirect economic benefits from a deteriorated Venezuelan oil industry made worse by U.S. sectoral sanctions.

In 2020, Russia oil exports to the U.S. hit a 16-year high, solidifying its place as the second-largest exporter of U.S. crude to the United States. Industry experts argue that the spike in Russian imports to the United States is driven, in large part, by U.S. sanctions against PDVSA.

Oil and gas are not the only drivers of Russian economic interests in Venezuela. Military sales are also an important part of Russia's broader economic interests. Building on military sales, Russia has established important military-to-military relationships with Venezuela. Russia provides technical assistance and offers professional military educational opportunities in Russia for Venezuelan military personnel.

Russia also maintains a formidable intelligence footprint in Venezuela. Although it is difficult to estimate how deep this aspect of the relationship goes or whether these relationships will be enduring, Russian military and intelligence presence in Venezuela is not in our national security interest.

Still, I assess the strategic intent for Russia is not to directly challenge the U.S. military. Instead, I think it finds value in creating a low-cost opportunity to irritate the United States, but not necessarily provoke an escalatory response.

Let me cover just a few recommendations, if I can, and then conclude.

I mean, to be clear, there is no easy path to transition in Venezuela and there are severe limitations to what the U.S. can

do now. Still, I think there are meaningful actions that we should be thinking about as the situation continues to evolve.

First, we should reevaluate our sanctions and consider doubling down on targeted sanctions against individuals and reversing broader sanctions that may be hurting our national interests and the interests of the Venezuelan people.

There is good reason to believe that some of our sanctions are undermining our long-term domestic and foreign policy objectives. Our sanctions should not exacerbate the ongoing crisis, erode America's reputation, or work in the interest of our global rivals.

Second, we must find ways to close the important pressure release valves or else the sanctions will do little to effect change. If the dictatorship can leverage its allies and use illicit trafficking proceeds to subsidize its struggling Venezuelan economy, meaningful change will remain elusive.

Third, we should consider reestablishing some diplomatic and economic access. I am not suggesting we reestablish an embassy without evaluating important concessions, but we should look to regain some diplomatic footprint.

We should also create space for the American private sector to outcompete Russia, China, and others taking advantage of the U.S. absence. There is certainly a clear preference for American businesses over Russia, China, Iran, and Turkey.

Finally, we should consider bolstering the governance capacity and reassure our partners in the region, especially Venezuela's neighbors Guyana, Colombia, and Peru, and consider working more closely with our international allies, especially the U.K., France, and Canada, which all maintain diplomatic relations.

The fact that this is among the first hearings of the 117th Congress and the first for this committee is a testament to the importance of Venezuela to the United States and our commitment to the Venezuelan people.

As I said before this committee in 2019, nature abhors a

vacuum. If we do not have a presence, then China, Russia, Iran, and others antithetical to our interests and the interests of the Venezuelan people will be more than happy to fill that void.

Again, thank you for this amazing opportunity, and I look forward to your questions.

[The prepared statement of Mr. Fonseca follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Sires. Thank you.

Dr. Berg, you are recognized for your testimony.

STATEMENT OF DR. RYAN C. BERG, RESEARCH FELLOW, LATIN AMERICA
STUDIES, AMERICAN ENTERPRISE INSTITUTE

Dr. Berg. Chairman Sires, Ranking Member Green, members of the subcommittee, thank you for the opportunity to testify on this timely topic today.

The political and economic devastation wrought by the Maduro regime in Venezuela, Latin America's erstwhile wealthiest country, is truly unprecedented. The country has lost 20 percent of its pre-crisis population, 5 to 6 million refugees, a number that could rise to as many as 10 million by 2023, according to the International Monetary Fund.

De facto President Nicolas Maduro has presided over the largest economic decline outside of war in world history and his regime is now considered a criminalized or a mafia State. Venezuela's institutions are so thoroughly penetrated by corruption and criminal interests that senior leaders, including Maduro himself, are actively participating in transnational criminal enterprises.

The Revolutionary Armed Forces of Colombia, or FARC, the National Liberation Army, or ELN, and Lebanese Hezbollah all have received shelter and even material support from the Maduro

regime.

Maduro's Venezuela represents a combustible mix of national security threats that have metastasized throughout the hemisphere, leaving the door wide open and beckoning the involvement of extra-hemispheric actors and U.S. strategic competitors that have seized on the bedlam in Venezuela to enter our shared neighborhood, sow chaos, destabilize the region, and augment their power-projection capabilities.

Russia has provided the Maduro regime with a critical sanctions-busting lifeline, as well as myriad weapon systems.

China has provided more than \$60 billion in loans since 2007 and traded repressive digital surveillance technology to further Maduro's control.

And Cuba has remade the repressive organs of Venezuela's police state in exchange for oil.

Perhaps the most concerning aspect of Venezuela's slide into chaos, however, are the bonds it has forged and solidified with Russia, China, and Cuba, in many cases turning transactional relationships into blossoming strategic partnerships and even, in some cases, outright dependencies.

Venezuela has become a prime example of the phenomenon known as authoritarian export or authoritarian learning, whereby authoritarian leaders share best practices in repression and adopt survival strategies based upon their prior successes in other countries.

Like a family recipe, authoritarians have bequeathed to Caracas their best advice in regime survival. If not for Cuba, the Venezuelan regime would arguably not exist in its current form. And if not for Russia and China, the Maduro regime would probably have collapsed.

As Venezuela's economy slips further into the abyss, however, the Maduro regime has doubled down on the narrative of a nation under siege and abdicated any responsibility for the country's collapse.

I think it is critical to avoid misconstruing the realities

of who is to blame here because it means misidentifying the most appropriate strategies for addressing the unique security challenges the regime poses to the region.

Mr. Chairman, I would like to use the remaining time available to highlight very briefly several policy recommendations for the United States.

First, pursue a policy of management, not solutionism. The Biden Administration should recognize that it has inherited a significant position of leverage, but it should resist the temptation to go big and rush into negotiations with the Maduro regime. A Hail Mary pass at this inauspicious moment could actually entrench the regime further.

Second, attend to the unfolding humanitarian disaster. As we have all heard today already, this is the most underfunded humanitarian crisis in modern history. For comparison, Syrian refugees have received the equivalent of \$3,150 per refugee, while Venezuelans have received a paltry \$265 per refugee.

Aid should be targeted to encourage and defray the costs of further integration of Venezuelan refugees in host countries such as Brazil, Colombia, Peru, and others.

Third, monitor the effect of sanctions on humanitarian efforts. The Treasury Department should monitor potentially negative humanitarian consequences of our U.S. sanctions. The U.S. should seek to ensure the reliability of the humanitarian exemptions that are built into our sanctions architecture, and fine-tuning sanctions should be the first impulse, rather than simply lifting them.

Fourth, avoid the siren song of negotiations until minimum conditions in the country are met. By some accounts, there have been nearly a dozen attempts to negotiate with the Maduro regime and limited progress has been made, with significant opportunity costs to the Venezuelan people.

I will note that there is currently no consensus of what the minimum conditions would be for a negotiation, and major questions persist regarding objectives, timing, process, and

trust-building measures with the Maduro regime.

Fifth, encourage the European Union to bring more pressure. While awaiting a more fortuitous diplomatic moment, the Biden Administration should encourage the European Union to adjust its policy in a nod to reality.

Quite simply, the EU's current approach is riddled with inconsistencies and the pressure setting is insufficient to meaningfully contribute to a negotiated solution and to protect human rights on the ground.

Sixth, broaden the diplomatic tool kit to complement sanctions. The U.S. should employ nonsanctions instruments concurrently with U.S. sanctions to achieve the effective pressure level. These instruments include legal referrals to international tribunals, such as the current case pending against Venezuela before the International Criminal Court, and anti-money-laundering mechanisms and resource certification regimes to deter the Maduro regime's participation in the illicit economy.

And seventh and last, bolster intelligence capabilities. The failed April 2019 uprising announced from La Carlota Air Base in Caracas and Operation Gideon, the failed 2020 amphibious invasion planned in neighboring Colombia by a sanctioned Venezuelan general, should prompt the incoming Director of the CIA and the intelligence community to conduct a thorough investigation of intelligence failures in the country related to the Maduro regime's authoritarian resilience and bolster U.S. intelligence assets and capabilities in Venezuela.

Thank you, Mr. Chairman, and I look forward to answering the committee's questions.

[The prepared statement of Dr. Berg follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Sires. Thank you to our witnesses today.

Now I would like to ask unanimous consent that

Representatives Omar, Steube, Malliotakis, and Wasserman Schultz participate in today's hearing after all subcommittee members have had the opportunity to participate and question any of the witnesses. Thank you.

And now we will get into questions. I will start by asking questions to our members.

First, I would like to say that for years I have been saying that Russia and China participate in this Western Hemisphere in order to create anarchy, in order to destabilize governments, in order to play with our closest allies.

Cuba has a security apparatus in Venezuela. Russia has been selling arms. And one interesting conversation that I had with someone from the Colombian Embassy the other day told me that in 2019, 6,000 Russians visited Colombia. Last year, due to the pandemic, it dropped down to 3,000. The Colombian Government expelled three Russians recently.

I can only think that having Russians visiting Colombia, 6,000, Colombia is not exactly a beach destination for the Russians, plays into this idea that Russia and China would love nothing better than to create chaos in the Western Hemisphere.

So I was wondering from our members, can you comment on that?

Anyone? Do not all answer at once. Just one.

Mr. Fonseca.

Mr. Fonseca. Chairman, I apologize. I thought when you meant members, that you were querying somebody else.

No, I could not agree with you more. I absolutely think one of the primary objectives, certainly of Russia, is to continue to sort of poke a finger in the eye of the United States.

Keep in mind that, as I mentioned, I think they find it incredibly valuable to have a geostrategic footprint near the U.S., and I think that is one of it. And oftentimes that sort of--this idea of reciprocity gets thrown into the discussion among experts that look specifically at Russian engagement in Venezuela, because oftentimes that reciprocity sort of pathways

back to the pronounced U.S. footprint in Eastern Europe.

And so oftentimes in the past you have even heard rumors about the potential tradeoffs of maybe the U.S. kind of withdrawing its support in places like Ukraine in exchange for Russia withdrawing its support in Venezuela. And, again, for now, that is all been sort of hearsay, kind of listening to people on the ground.

But there is no doubt that, in the consciousness of Russia, having that geostrategic footprint is really vital, No. 1.

No. 2, I also think that--and this is inclusive of--by the way, that geostrategic footprint is also inclusive of China. Of course, the United States has a tremendous footprint in Asia, notwithstanding our support to Taiwan, our military access in South Korea, Japan, in broader sort of Southeast Asia, you know, U.S. influence.

But that is No. 1. So geostrategic value to having close proximity to the United States.

No. 2, they both have a tremendous interest in undermining sort of Western liberal order, undermining democratic institutions around the world, and trying to strategically create space to sort of embrace their authoritarian political models.

I think that sort of lends itself to destabilizing the democracies around the region. And we have seen at times in the past Russia leveraging information operations in other sophisticated technology means to be disruptive and impact sort of the political stability of partners across the hemisphere.

So, Chairman, I could not agree with you more. I think China and Russia absolutely are intent on disrupting and undermining U.S. policy.

Mr. Sires. Thank you.

I also think that we just do not pay enough attention to the Western Hemisphere. So if we do not pay attention, the Russians and the Chinese and all the other countries that are helping Venezuela fill that void that we have in the Western

Hemisphere.

Dr. Arnson. Mr. Chairman, if I might add to that.

Mr. Sires. Sure.

Dr. Arnson. I certainly associate myself with what Brian Fonseca just said, and I agree that the influence of China and Russia in Venezuela is counter to U.S. interests. But I think that one needs to separate the kind of involvement that the two countries have had. As Brian was saying, it is geostrategic, it is an opportunity for the Russians to mess around in what they call or what they consider the U.S. ``near abroad'' in reciprocal kind of way that Brian was mentioning.

China's interests have been somewhat different. China is the largest oil consumer in the world. Venezuela has the world's largest known oil reserves.

And so the relationship has been heavily focused on oil extraction, and the \$62 billion in loans approximately are being repaid in oil and there has not been any new money for some time. And the loans that were given in recent years were simply to allow Venezuela to continue paying back the loans that had been initially given.

There is also, I think, the case that China has reached out to the opposition at various points trying to guarantee its long-term access to Venezuela's oil resources independent of the political leadership of the country.

So I see it as less committed to the survival of Nicolas Maduro and the regime overall and much more committed to the long-term survival of its interest in the oil fields.

Mr. Sires. Thank you very much.

Now I will recognize Ranking Member Green.

Mr. Green. Thank you, Chairman. Again, appreciate your opening remarks and appreciate the witnesses' testimony. I thank all of them for being present and their participation today.

I think one of America's greatest challenges is China, I am greatly concerned with their penetration into not only

Venezuela, but all of Latin America. And my comments are really to the whole slate of witnesses, whoever wants to jump in.

In 2019, China specifically stated that the blackouts in Venezuela were because of cyber attacks from the United States, obviously a blatant lie.

One of my questions is, how do we confront this disinformation campaign from China in Venezuela and throughout Latin America?

Dr. Berg. Let me jump in on this here, Ranking Member Green.

As you well stated, the cyber attack claim, of course, is spurious. Largely, the blackouts were a cause of the fact that there was not only corruption, but a failure to maintain the power grid in Venezuela. And also something, quite simply, somebody did not bother to cut the vegetation around one of the main power plants outside of Caracas, and so that vegetation overgrew some of the power lines and ended up knocking off power periodically throughout 2019, as we saw.

This is an incredibly important question in terms of the disinformation environment. It is not just China. It is also Russia. It is also Cuba participating as well.

And I think in this sense, the United States can do its best to try to get reliable information to Venezuelans on the ground, to members of the opposition, in especially critical periods of time. We have seen the internet knocked off grid in really important periods of time around protests, around street pressure, around moments in time when the regime felt like it was quite vulnerable.

And so this is one of those areas that kind of flies below the radar, but is quite important in terms of our ability to help the opposition on the ground. Given the lack of political space in the country to organize, the reliable presence of the internet is absolutely critical.

Mr. Green. One other, sort of taking that a step further. It appears that ZTE, China's big telecommunications giant,

created ID cards for the Venezuelan people, which essentially do the same thing that their social score system does--tracks their behavior, monitors their actions, can dig into their checking accounts, all of this.

How do we stop that?

Mr. Fonseca. So, Ranking Member Green, I think it is an excellent question. I think it underscores the point of China as the real strategic competitor in the region. And Chinese tech proliferation has been growing rapidly certainly for the last decade or so.

The idea of the fatherland card, as you reference, is something that certainly we have been battling around in terms of how to--sort of how to combat that. In Venezuela perhaps it is very difficult to sort of overturn that.

But I think education, continuing to sort of dominate the educational space, not just in broader Latin America, but wherever we can sort of reach in and help educate consumers on the threats and challenges associated with China tech penetration.

It is important for us to disaggregate good from bad. Not all Chinese activities in the region I think should be seen through sort of a threat landscape. But I do think we have to provide education as tech penetration becomes more proliferated across the broader hemisphere.

And I think this is also consistent with what Dr. Berg was saying just a few minutes ago about information operations. The Russians are incredibly sophisticated in terms of their ability to effect impact on information operations. They also have an incredibly sophisticated and forward-leaning cyber capability.

In fact, lots of open reporting about that threat. In fact, the Atlantic Council's digital analytics lab has done some really good work on assessing information operations and putting out recommendations that can help undermine sort of the effect of those information operations.

And part of that is about sort of credibility of the

source. The United States needs to remain credible as a source across the broader hemisphere. We have to ensure that our actions do not undermine our credibility, broadly speaking.

And I think we need to continue to point out and attack the credibility of Russia, and when China does it call them out as well, for proliferating just false information that affects the social, political, and economic landscapes across the region.

Mr. Green. My time is up. Mr. Chairman, I will go in second round.

Mr. Sires. Thank you.

Congressman Castro, you are recognized for 5 minutes.

Mr. Castro. Thank you, Chairman.

This question is for Mr. Reyna.

First, thank you for speaking to our committee about the important work that civil society organizations like yours are doing in Venezuela.

I chair the subcommittee that handles international development policy, and so I want to ask you a question along those lines.

As you know, on February 11, Venezuela's opposition and Nicolas Maduro agreed to cooperate to purchase and distribute COVID-19 vaccines for 6 million Venezuelans. I think this is a positive step toward fighting the coronavirus pandemic in the country. And it has been reported that about 1.4 million doses of the vaccine will come from the World Health Organization-linked COVAX initiative, while the source of the rest of the vaccines is yet unclear.

So my question is, how can the United States help mobilize resources to ensure countries in need, like Venezuela, receive the appropriate amount of vaccines? And how can we ensure that there is a proper oversight and equitable distribution of those vaccines in Venezuela?

Mr. Reyna. Thank you very much for your question. I think this is really important.

One way in which it is possible to continue providing

support in regards to health, and with vaccination particularly, is to support these efforts that the Humanitarian Aid Commission of the 2015 National Assembly has been carrying on and also being able to work with the Pan American Health Organization, as well as with the Health Department of Venezuela.

I think this is one example of possibilities that still exist to provide support. And the signing of this COVAX agreement is also a show of those possibilities. So we did have a previous agreement, now this COVAX one.

And the oversight and the mobilization to expand, on the one hand, and the oversight, one perhaps can be achieved through supporting the entrance into Venezuela of the World Food Programme with its logistical capacities.

We are seeing huge challenge there with issues, for example, of cold chain. And since our transportation infrastructure has been also somewhat collapsed, as many other areas, then the World Food Programme can play an important role.

And in regards to oversight, we are proposing to follow the model that has already been in place since 2018 by the Global Fund for HIV, TB and Malaria, Pan American Health Organization, UNH, and Venezuelan civil society, again, with the Health Ministry, to followup on the provision and distribution of antiretrovirals.

It has worked well, with challenges, with difficulties. But that oversight has been in place. And there is a working group, monthly information, and followup of the results. Whenever there is a gap or difficulties, then these can be called by the activists on the ground doing that oversight.

So these are the kinds of perhaps mechanisms that would deserve looking into and supporting.

Thank you.

Mr. Castro. Thank you, Chairman, I yield back.

Mr. Sires. Thank you, Congressman Castro.

Congressman Pfluger, you are recognized for 5 minutes.

Mr. Pfluger. Mr. Chairman thank you for an excellent hearing on a very important topic. And to all of our panelists thank you for your time.

I have got a couple of questions. I will start with Dr. Arnson. Knowing that Maduro is--it will not sign any sort of deal with the World Food Program, unless he can control the distribution of that food, how do we as the United States in working with our, with our allies and partners in the region ensure that delivery of food gets to the people that need it the most and can prevent Maduro from controlling that distribution.

Dr. Arnson. Thank you very much for the question, Congressman Pfluger. It is an essential principle of humanitarian assistance that it must be given with neutrality and without any regard for the political affiliation of the recipient. Up until now, the Maduro regime has maintained tight control over food distribution through this program known as CLAP, through food boxes which are woefully insufficient. And it is a form of social control. And it is obviously reluctant to relinquish that form of control.

But I think what Feliciano was indicating is that on humanitarian issues involving health, there have been--there has been the possibility of reaching agreement between the opposition, the government working closely with civil society organizations.

I do not know what the magic formula will be to allow or to convince the regime to allow the World Food Program to operate. I suggested in my testimony that there might be some consideration given to relaxing U.S. secondary sanctions that would permit the import of fuel, gasoline, and diesel which are in short supply. I know that that is a controversial recommendation that we should not have to offer anything to Nicolas Maduro to get him to allow the international community to feed starving people.

I mean, we are talking about at a minimum 9 million Venezuelans who are either severely food insecure, or moderately food insecure, and that is the assessment of the World Food Program itself in 2020.

So I think that these humanitarian agreements that have been reached over COVAX, the kind of things with antiretrovirals that Feliciano was mentioning, provide a kernel of hope that these kinds of agreements around food and food insecurity can also be reached.

Mr. Pfluger. Thank you very much.

And now for Dr. Berg. My question is what are the consequences to the U.S., and the region, if this crisis continues and if these criminal groups are allowed to thrive? And, specifically, to our southern border, what is the threat with this crisis, continuing the number of refugees?

Dr. Berg, to you.

Dr. Berg. Thank you very much, Congressman, for the question. I think the crisis has region-wide impacts. As Dr. Arnson mentioned in her opening statement, the region is not poised to be able to absorb this level of refugees we have seen so far, about 5-and-a-half million. Remember that figure that I mentioned in my opening statement from the IMF that this could rise by 10 million by 2023.

And so the numbers of people and the pace which they are exiting the country is still unabated. And this really has dire consequences, not only for the stability and security of the region, but the future economic growth of the region. Many countries have difficulty not only absorbing this number of refugees, but also--look at a country like Colombia, it has taken the very commendable step of including about 1.7 million refugees into its, into its legal ranks. About 1 million of them will be affected by the temporary protective status that they granted to them.

But that is going to be a Herculean undertaking, which the United States can help with because many of us do not believe

that countries in the region have the capability to absorb these types of numbers on a bureaucratic level, on an economic level, on a political level. There are political ramifications as well. We have seen in some places, despite the fact that the region has had a pretty welcoming stance, a rise in xenophobia.

I mentioned Colombia before. I looked at a poll the other day that said that a clear majority of Colombians were actually against the move by Ivan Duque to allow temporary protective status for Venezuelans in the country. So the regional cohesion here is at stake as well.

And the last thing that you mentioned is a migratory crisis that could push north to our borders. Again, we have seen a lot of refugees in South America. As I think the next waves start to come out, we might see more and more actually traversing through Colombia, going up into Panama and into Central America, certainly more so than they are now.

And, lastly, Congressman, if I can just go back to the question that Dr. Arnson answered previously about the neutrality principle and humanitarianism. Obviously, it is absolutely critical. I think that there is one cautionary tale here, and that is the agreement that was signed last summer to bring in personal protective equipment and COVID PCR tests, which were very quickly, sort of, confiscated by the Maduro regime. They were not actually spread around the country in the way that the agreement stipulated. And the opposition since has been crying foul about it. And with the regime in control of those resources, there is not much we can do at this point.

Mr. Pfluger. Thank you very much.

With that, I yield back.

Mr. Sires. Thank you.

Congressman Andy Levin, you are recognized for 5 minutes.

Mr. Levin. Thank you so much, Mr. Chairman, for holding this important hearing. To our panelists, thank you. I am going to try to ask a number of questions, so I ask you to try to be brief in your answers.

A February GAO report, which I requested along with the full committee back in 2019, found that U.S. sanctions, particularly those on the oil industry, have likely contributed to the steep decline of the Venezuelan economy and suggested steps that the Treasury Department and other agencies could take to mitigate the humanitarian impacts of sanctions, which some of you have addressed very movingly.

Mr. Reyna, what recommendations do you have for the U.S. Government regarding how it could provide clear guidance for financial institutions or take other steps to minimize any second-order impacts of sanctions on the operations of humanitarian organizations that are doing their best in this situation?

Mr. Reyna. Thank you very much, Congressman Levin. We really welcome that report. We think it offers information that is quite important, because one may think, you know, of the impact of sanctions on issues that were already deteriorating. But to us, what is of serious concern today is impact on the Venezuelan population. And, certainly, there is some that can be--work differently.

But what we have had sometimes is conversations with Treasury, for example, to give precise examples of how sanctions can put obstacles and restrict the work of organizations. I think that is--you know, having those conversations, even before imposing certain types of sanctions made--would have made sense and still makes sense to talk through them.

One issue that we have faced, for example, is that--and we understand Treasury cannot impose, for example, they say issues on operations of the banking system, let's say. But they can offer certainly a more decisive kind of advice in order for, you know, the system not to prevent us from carrying on our humanitarian work, our accompanying, for example, victims of situations of lack of access to food or health.

So I think that this requires perhaps sitting down, looking

at particular issues and seeing how to solve them. Licenses, for example, when we were looking at them, they might take from 18 months to 24 months to get. So, again, it is not even having license to get them for organizations such as ours here on the ground. So, you know, thank you for your concerns then.

Mr. Levin. Yes, I tell you what, we will be a partner with you in trying to work with the administration to help you do your work, basically. It is so important.

Mr. Reyna. Thank you.

Mr. Levin. Yes, the Trump administration strategy toward Venezuela relied on maximum pressure betting that sanctions would lead to a quick transition to democracy. But here in March 2021, Maduro's grip on power appears stronger than at point since 2019. It seems that in order to work toward a democratic transition, the U.S. will need a longer-term strategy.

Dr. Arnson, it is good to see an old friend. Given reports that the Biden Administration is reviewing its sanctions policy in many parts of the world, can you talk, specifically, about sanctions you think should be reassessed or advised, or how should we look at this in more detail than you may have gone into earlier?

Dr. Arnson. Sure. Well, I would say that it is certainly not in the cards for the United States to be unilaterally lifting certain sanctions. But as I said in my statement, they do convey enormous amounts of leverage. The question is how they can be used in a back and forth to require verifiable steps by the Maduro government in exchange for certain forms of sanctions relief.

Now, that implies that the government is actually interested in that kind of sanctions relief. There may be--it may be the case that they are more interested in the lifting of criminal indictments or, you know, the lifting of these individual sanctions that have frozen bank accounts and prohibited them from traveling to the United States in the case

of the EU to the European Union.

But I think it is very positive that there is a recognition at this point that the campaign of maximum pressure actually did not achieve the—either the democratic opening or the regime collapse that was hoped for. And, therefore, a different approach is needed. And I think that those consultations are under way and should be encouraged.

And sanctions are, you know, an instrument in the, in the toolkit. And the United States has, because of the economic sanctions against the oil sector, the financial sector, and secondary sanctions on those who also trade with PDVSA and other Venezuelan entities give us tremendous leverage. And we should explore, you know, what combination of concession and sanctions relief should be desirable.

Mr. Levin. All right. Thanks.

Mr. Chairman, I see my time is up. Great hearing, and I yield back.

Mr. Sires. Thank you, Congressman. We now recognize Congresswoman Salazar from Florida for 5 minutes.

Ms. Salazar. Thank you, Chairman. Wonderful to be here. And it is such an important topic for the Americas, and I thank the witnesses for their time and their expertise, specifically, Dr. Fonseca who is one of the most prominent scholars in my district. So wonderful to have you here.

I just want—I have a different type of questioning, and I would like to start with Dr. Fonseca just to take this to a more basic or granular topic where reality is more crude, and it is more understood. So, I am going to have—I am going to do ten questions, and I would like you to just answer yes or no if it is possible. Is it true that Venezuela went from being one of the richest countries in the hemisphere to one of the poorest?

Mr. Fonseca. That is correct.

Ms. Salazar. Is it true that inflation right now is over 4,000 percent?

Mr. Fonseca. That is correct.

Ms. Salazar. Is it true that the Venezuelans can only go to the supermarket a few days a week because there are no goods on the shelves?

Mr. Fonseca. In most places, that is absolutely correct.

Ms. Salazar. And is it true that the average Venezuelan has lost more than 50 pounds in the last 20 years because of lack of food?

Mr. Fonseca. That is also correct.

Ms. Salazar. Is it also true that Venezuela is empowering Hezbollah, the terrorist group, and that the United States has indicted members of the Venezuelan Congress just like if one of us were participating or working with the terrorist group Hezbollah? We know who that person is or who that group is. Is that true?

Dr. Fonseca, did you hear me.

Mr. Fonseca. I am sorry. I was muted. Yes, that is correct.

Ms. Salazar. The dog has gone away.

Is it true that the Venezuelan is empowering--the Venezuelan Government is empowering the terrorist group Hezbollah, and that the United States indicted a member of the Venezuelan Congress for working with Hezbollah.

Mr. Fonseca. That is true.

Ms. Salazar. And is it true that Venezuela is becoming a major hub for drug trafficking? And that criminal organization is their only--their only purpose is to harm the United States?

Mr. Fonseca. They are absolutely a major hub for drug trafficking.

Ms. Salazar. And is it true that Maduro's representative the repressive apparatus is controlled and directed by more than 30,000 high-ranking Cuban agents like Ramiro Valdes, and they control even the Venezuelan customs office and the passport issuing office?

Mr. Fonseca. There is absolutely a heavy presence. And I know you wanted a ``yes'; or ``no'; but I a

numbers are what I am seeing as high. I think to your point, they still play a really vital, vital role in fire-walling the regime and absolutely have an important presence around Maduro, ensuring the survival of the regime.

Ms. Salazar. And the Maduro is blocking at this hour the aid for food and medicine that, we, the United States are offering to give to them so they can help their people? They are blocking it and denying it?

Mr. Fonseca. That is right, yes.

Ms. Salazar. And, finally, is it true that 20 years ago, Hugo Chavez promised in an interview to yours truly that he was going to establish democratic socialism of the 21st century for the Venezuelan people?

Mr. Fonseca. Yes, I recall that interview well, and yes, he did.

Ms. Salazar. Thank you. Now, my question to you and to the rest of the panel is to what can we do as a country to help the Venezuelan people?

Mr. Fonseca. I think, you know, one, we have to continue to apply pressure and, again, look for ways to allow access for vital humanitarian assistance. I think we also need to continue to reassure and support Venezuelan neighbors and those in the region that are having to absorb millions of Venezuelans fleeing the country. I think it should be noted that the--that the millions of Venezuelans fleeing the country are another really important release valve that allow the regime to muddle through by having to, you know, sort of having fewer mouths to feed in the country with an economy that continues to sort of move in a death spiral. And so I think that---

Ms. Salazar. If there is one single thing that we could do as a country to help the Venezuelan people, what would that be?

Mr. Fonseca. Continue to apply pressure. I do not-- unfortunately, I do not see a short-term---

Ms. Salazar. What type of pressure? What type of pressure?

Mr. Fonseca. I think we need to continue to apply

diplomatic and economic pressure. We need to continue to press for the admission of humanitarian assistance in to support those--and, again, I think we need to--I know you asked for one, but I also think we need to shore up our allies and partners in the region----

Ms. Salazar. I only have 50 seconds. Why do not you let me--Dr. Arnson answer. If there is one single thing we can do as a country to help the Venezuelan people, what would that be?

Dr. Arnson. It would be to work closely with our international allies, with the Venezuelan opposition, and with a broad range of actors in civil society that can come together around a common agenda, first, for humanitarian issues, and then eventually to tackle some of the more difficult political and security challenges.

Ms. Salazar. Dr. Berg, one thing in 13 seconds. What could we do as a country to help the Venezuelan people at this hour?

Dr. Berg. Thank you, Congresswoman. I would say to reiterate what Mr. Fonseca said, the pressure is, obviously, key. It has to be multi-dimensional. As I mentioned in my opening remarks, it is not just sanctions, but sanctions and--and Congresswoman Levin asked a great question, previously, about sanctions and targeting. I think we can look at targeting and look at----

Ms. Salazar. What does targeting mean? I only have 14 seconds. One thing. What does targeting mean?

Dr. Berg. To look at the actual targets of our sanctions. The people on whom we are putting sanctions. The theory behind the maximum pressure campaign was that sanctions would be enough to dislodge Maduro. But unfortunately the targeting of those sanctions has not been on actual military figures whom we all believe to control the security apparatus on the domestic level.

So looking at targeting when it comes to our pressure will be key, Congresswoman.

Ms. Salazar. Thank you.

I yield back. My time is up.

Mr. Sires. Thank you, Congresswoman.

Congressman Vincente Gonzalez, you are recognized for 5 minutes.

Congressman Gonzalez, are you on?

Congressman Vargas, are you on?

Mr. Vargas. Yes, I am.

Mr. Sires. You are recognized for 5 minutes.

Mr. Vargas. Thank you very much, Mr. Chairman. Can you hear me? This is Juan Vargas.

Mr. Sires. Okay, Juan. You are on.

Mr. Vargas. Thank you very much, first of all, Mr. Chairman, for having this hearing, and I also want to thank the ranking member and all of the witnesses.

Two things jump out at me in this hearing, one, our failure with humanitarian aid. That seems to jump out when I hear statistics that Syrian refugees have received, literally, almost ten times as much aid as have Venezuelan refugees, that is one.

And, second, our intelligence failures. It seems like that we believed that one thing was going to happen with sanctions and maximum pressure, and then it did not come about.

So I can start first with humanitarian aid. I am very concerned about not only internally displaced people, but, of course, refugees, also. How can we work better with the allies that we have all been talking about, both in the region, European allies as we have said earlier, how can we work better with everybody to have a better result? Because the result right now is disastrous.

I would ask that of Dr. Arnson.

Dr. Arnson. Thank you very much, Congressman, for the question. I think that the United States certainly can contribute more of its own resources, but there are other ways to continue to mobilize the international community. There have been donors' conferences convened by the European Union. We

should press for more.

They, of course, are dealing with their own influx of refugees from Syria, from Afghanistan, from other parts of the Middle East and Northern Africa, and it is a complicated situation there as well. But we could also look to mobilize more contributions by the U.S. private sector and work in partnership with other organizations like the DFC to provide employment opportunities on the ground for Venezuelan refugees and host communities in the region.

Mr. Vargas. I guess I am also very concerned about the food insecurity, in particular. I mean, I have great respect for the United Nations Food Program. As you know, they just won the Nobel Peace Prize for all the work that they are doing. But at the same time, they alerted us to all the millions of people in this world who may starve this year because of COVID and other issues.

How can we work with the U.N. better knowing that what the Maduro regime has been doing to manipulate the food distribution because they want to do it? What can we do? I am very concerned about that.

Dr. Arnson.

Dr. Arnson. Yes, well you know, you have hit the nail on the head. I mean the greatest source of--the greatest obstacle to greater food assistance by the international community is precisely Nicolas Maduro and the rest of the Venezuelan Government.

The United Nations has dramatically expanded its footprint in Venezuela over the last 2 years. There are a variety of U.N. agencies that are on the ground, the Office of Coordination of Humanitarian Affairs, OCHA, the--UNICEF and others. This does not include at this time the World Food Program.

And I would note that, you know, there have been numerous efforts to take the issue of Venezuela to the U.N. Security Council. Most of those have served to just reproduce the polarization between the United States on the one hand and

Russia and China on the other. But in bringing the humanitarian issue to the Security Council that did provide an opening--and there was agreement on providing this greater opening for U.N. agencies to have a presence.

So the bottom line is, you know, how do you force people to do something that they do not want to do? It is very difficult. And so the question is can you offer them something which is not violating of your, you know, basic principles? Can you offer them anything in exchange?

Mr. Vargas. If I can just interrupt the last few seconds that I have. What about the intelligence failure? Why have we gotten it so wrong?

Dr. Arnson. Is that a question for me?

Mr. Vargas. Yes.

Dr. Arnson. Theories of political change are multiple. And there was the sense that by tightening the screws enough, you can create fractures in the regime, you can cause the military to divide. There were all kinds of ways in which, you know--there was the assumption that the Maduro regime would implode or cry uncle and agree to the kinds of things that the United States and others wanted, including, you know, the Venezuelan opposition and the majority of the Venezuelan people. And that theory of change has proved false.

And so I think it is to the credit of the Biden Administration that they are now looking at alternatives and looking to see what, if any, kind of, you know, negotiations that involve the opposition, that involve this big tent, civil society, you know, organizations, academia, unions, et cetera, can collectively pressure for some real change.

Mr. Vargas. Thank you. My time has expired. I yield back. Thank you.

Mr. Sires. Thank you, Congressman.

Congressman Gonzalez, are you on the line.

Mr. Gonzalez. Yes, sir. Thank you.

Mr. Sires. You are recognized for 5 minutes.

Mr. Gonzalez. Sorry, I had some technical difficulties there for a second. But my question is, there is--you know, American companies have seen their investment severely affected by the crisis in Venezuela. And while Venezuela's oil capabilities have severely decreased, some energy companies have played a crucial role in preventing the total collapse.

How can Congress work with the private sector to protect American investment in Venezuela? And how can the private sector assist us? I chair the Oil and Gas Caucus for the Democratic Party. And I have a pretty good relationship with some of the energy companies that are down there. And they seem to have--talk about intelligence failures, they seem to have a lot of intelligence, and they seem to know a lot about what is going on. How could we better work together, or are we--and it just has not been working out--to both protect our energy investments in Venezuela? And how can they assist us in structuring policy?

Dr. Berg. Congressman, if I can jump in on this one. It is a great question. So we have seen a lot of American companies and American investment in Venezuela affected by the Maduro regime, and its operations. I think--you and I are both observing energy companies, for example, trying to operate under extremely difficult conditions, under conditions where they do not have proper partnership from PDVSA with which they have to partner as a condition of being able to operate in the country.

But there have been unique approaches by some American oil and gas companies to operate, basically, with the attempt of putting proceeds from those operations in say an escrow account or some way of sort of syphoning it off or kind of bracketing it off to the side and ensuring that a lot of the proceeds from that activity does not actually flow to the Maduro regime and the funding of that repressive security apparatus.

And so there are creative ways in which we can think about keeping American investment there and keeping a footprint on

the ground, as Mr. Fonseca said in his opening statement, while also ensuring that that money is not actually fuelling and funding the repressive apparatus there.

Mr. Fonseca. Congressman, can I make one brief addition. Again, I could not agree more with Dr. Berg. And I do think we need to create space for the American private sector to out-compete Russia, China, and others and gain some access back on the ground. I cannot underscore how important, I think, to unleash the American private sector, and how that can provide consequential long-term influence in aid in ushering democratic transition at some point.

The U.S. could consider the issuance of specific licenses to American companies engaged in sort of an oil for food medicine, rather than, you know, their removal of sectoral sanctions in the near term. I think this would give the American private sector some access on the ground, as well as possibly help alleviate some of the humanitarian pressures.

One of the things I am most concerned about is the September 2020 Anti-Blockade Law that was passed. I think Venezuela in the near-term is going to be going, Maduro is going to be going through the process of privatizing major Venezuelan assets. And I think our adversaries are going to move in and try to consume those assets. And it might be very difficult to get them back at some point in the future, even if the hand or the pendulum swings back to the opposition.

Mr. Gonzalez. That is just a huge concern.

Dr. Arnson. Could I just add to that? I mean, I think what Brian Fonseca said nature earlier, of course, that nature abhors a vacuum is really true. And if U.S. companies, particularly, in the oil sector, and mostly in the oil sector are prohibited from producing, even if those assets go into an escrow fund or some other mechanism that is verifiable that does not benefit the regime, they are going to be taken over.

And, you know, I think one of Maduro's survival strategy is going to be, over this next year, precisely to privatize

PDVSA assets and other government assets and look for international companies to step in and run them. And we know exactly who those—who will be eager to acquire a greater share of the economic price of the country.

Dr. Berg. Congressman, if I can just jump in here really quickly and piggyback on what Dr. Arnson said.

One thing that I think the regime is looking at here is that during this—the political and economic crisis in the country, there are sort of three types of crudes within Venezuela: Light, medium, and heavy. The heavy crude is largely produced in conjunction with the private sector and with international companies. And that has been, if you look at the oil output in the country, some of the least affected as compared to medium and light crudes, which have been some of the most affected. And that is entirely basically produced by PDVSA the State owned oil company.

So I think the regime is looking at this very clearly and saying, as Dr. Arnson mentioned and Mr. Fonseca, privatization might be the way to go here in terms of being able to increase productivity, because PDVSA is essentially beyond repair in terms of its ability to actually maintain the rigs and contribute to an uptick in oil production in the country.

Mr. Vargas. Thank you so much. I yield back.

Mr. Sires. Thank you.

We now recognize Congressman Steube from Florida for 5 minutes.

Mr. Steube. Thank you, Mr. Chair. And first I want to thank you for allowing members who are not on the subcommittee to ask questions. I appreciate that greatly, as these issues affect state of Florida that I represent in my district.

My questions are directed to Mr. Berg. President Trump signed an order on his last full day in office which defers deportation of some 145,000 Venezuelans for 18 months. Venezuelans who are eligible for deferral can continue to live and work in the United States. Some of those included under the

TPS program. President Trump blamed the Venezuelan socialist government and President Maduro for quote, ``The worst humanitarian crisis in the Western hemisphere in recent memory,'' Secretary of State Blinken even called Maduro brutal dictator.

The shortage of basic goods in medicine has forced these Venezuelans to flee the country. As a member of the Florida delegation, I know there is a significant number of Venezuelans in my State. What do you think the Biden Administration's p should be regarding President Trump's order that he signed those last days in office?

Dr. Berg. Thank you for the question, Congressman, as I understand it, the deferred enforced departure was signed on the last day, but the details were left to the Biden Administration. And so from that standpoint, I would certainly encourage the Biden Administration to--not only to implement but to work out the exact details of the stay, the duration, the documentation, as well as the work permits. Because it is not in the United States' interest to send back Venezuelans as we have heard today at this hearing, to humanitarian disaster and a brutal dictatorship.

I would also note that there is a real economic opportunity here with the number of Venezuelan migrants we have in the country. Numerous reports of late have shown just how educated, how entrepreneurial, and how dynamic this diaspora is. And so I think from an economic standpoint, particularly, from your state's standpoint where there are quite a few Venezuelan refugees, it could be a huge economic boom if done the right way.

Mr. Steube. Well, Maduro has strengthened ties with--and it has been discussed already in this committee hearing--with Russia, China, Cuba, and Iran for political, economic, and military purposes. These malign, external actors prop up the regime and perpetuate the ongoing humanitarian crisis despite U.S. sanctions. What steps can the international community take

that complement or support U.S. efforts to counter-support from these external actors to the regime?

Mr. Fonseca. Congressman, I can take a shot at that, if that is okay. I think that is absolutely right. I think one of the things the United States, you know, needs to continue to place pressure and leverage our allies, multilateral organizations to continue to pressure, specifically, China, Russia, Iran, Turkey, and Cuba for the activities they are doing on the ground to, you know, keep the regime sort of muddling through, as well as, you know, not sort of contributing positively to alleviating the humanitarian crisis. I think we definitely need to do that.

And to sort of build off of a comment, you know, that we made earlier, collectively, not having a presence on the ground allows our, you know, our adversaries, our rivals, you know, to certainly, you know, run, you know, run fairly rampant throughout the country. And so I think we need some presence back on the ground, not just sort of intel collection, but also to occupy influence space.

Mr. Steube. What steps can the U.S. take to counter efforts from State actors, like Iran and Russia, to support the regime in evading U.S. sanctions, Mr. Berg?

Dr. Berg. Great question, Congressman. I think one of the things that we have seen here is the regime's head-long plunge into the illicit economy, specifically, as the sources of legal activity in the country have dried up.

And so I have outlined a number of recommendations, both in my oral testimony, my written, as well as in other places about certification regimes, for example, that we could—we could seek when it comes to parts of the illicit economy such as gold mining, which are very easily sort of brought into the legal economy through a number of maneuvers in countries like Colombia and in Brazil.

And so those certification processes will be key. And a lot of it is just about pressure, as has been mentioned many times

here, is that we have quite a bit of leverage, and we would be wise to use it for the right purposes here rather than squandering it.

Mr. Steube. The Chinese Communist Party has helped the Maduro regime evade U.S. sanctions and is one of regime's financial backers and has more recently delayed Maduro's debt repayment in exchange for some shipments of oil.

What does the Chinese Communist Party gain from involvement in Venezuela, and how does it reflect the nature of the Chinese Communist Party's influence in other parts of the region?

Dr. Berg. Congressman, I think that China's role in, in Venezuela, as Dr. Arnson mentioned earlier, it started as a transactional economic relationship. It has now evolved into more of a geopolitical and possibly even strategic partnership. And so I know that there has been mention of the fact that there are no new loans that have been given to the country since 2017. But the fact is of the more than \$60 billion in loans that were given since 2007, there is still a reasonable amount of that money that is outstanding.

And so as long as China is bearing the burden--as long as Venezuelan debt remains in arrears, China in some sense is carrying the burden of this country's collapse. But nevertheless, I think for China, Venezuela at a standstill and therefore as a major liability and potential strategic threat for the region is actually to China's advantage in this broader geopolitical rivalry than a Venezuela working toward a democratic transition, possibly giving the United States an increased position or boost in their region.

Mr. Steube. Thank you, Mr. Chairman.

Mr. Sires. Thank you.

We now recognize Congresswoman Omar from Minnesota for 5 minutes.

Ms. Omar. Thank you, Chairman. Thank you for allowing me to come and be part of your committee. My colleague, Ms. Salazar from Florida asked her questions to everyone except the

panelist who lives in Venezuela.

So, Mr. Reyna, I would like to give you a chance to address her question.

Mr. Reyna. Thank you very much, Congresswoman Omar. Perhaps not in just one issue, I have to say that aid has been coming in, not of course in the numbers that is needed. But just in our case as a small organization on the ground, in 3 years, we have brought in over 180 tons of aid and have distributed, just last year, 86 tons of aid in terms of medicines, medical supplies, and so on.

My position here and my recommendation has been to engage in spite of all the reservations with some key actors within the Maduro government, as well as to continue working, for example, with the National Assembly of 2015 commission on humanitarian aid to increase the number of aid, I mean, the amount of aid coming into the country.

I think that if one looks at the humanitarian situation and humanitarian impact on the lives of everyday Venezuelans, this is a must. And so I thank you for this, but I do believe that it is possible. We have been able to do this in spite of challenges, risks, and threats, and even having some of our personnel and colleagues going through, you know, difficult, risky situations, but we are still here, and we believe that this is possible. And once again, that engagement to me requires flexibility and creativity, but it is a must if we want to help the Venezuelan people.

Ms. Omar. I am really grateful for the opportunity to hear directly from you. It has not been lost on me sitting here, hearing my colleagues engage on Venezuela and not having a single question addressed to you. So thank you so much.

I am hoping that you can expand on a couple of points from your testimony. As you outlined the situation in Venezuela is dire, people are going without food and medicine. And, obviously, to many of us, you know, we believe that we cannot allow people to continue to suffer because of our own domestic

policies.

Can you tell us how your work has been impacted by the canceling of licenses for oil-for-diesel swaps, and what other sanctions are proving to be significant barriers to the humanitarian response?

Mr. Reyna. Thank you. That is--there is one issue in particular that I think that is--that can be solved, I think, quickly, also, as a show of good faith between both the U.S. administration, the Biden Administration, and hopefully having bipartisan support, and the Maduro government. And this is lifting the sanctions on secondary--in the secondary sanctions on the swaps of oil for diesel. And this has quite an impact again on the population.

The committee, the human rights committee in one of the States of Venezuela working with the anticorruption network stated very recently, this was just last month in February, Venezuela began 2021 with a severe shortage of diesel, the fuel used to transport heavy cargo, food stalls for public transportation, and turbo electric plants. Essential groups report diesel distribution failures since the end of 2020. For the agricultural sector, this has brought paralysis on the field. And they go on with other issues regarding that--this in particular.

I think it would be quite an important step to lift the sanctions on the oil for diesel swaps and open a conversation, also in having the World Food Program coming into Venezuela with their capacity.

Thank you.

Ms. Omar. All right. And, then, just my last question to you--again grateful for the opportunity to ask these questions. How is the political stalemate between Maduro and Guaido impacting your ability to do your work and just the lives of Venezuelans since you are the only Venezuelan on this panel?

Mr. Reyna. Thank you. I think that given the principles of humanitarian action, you know, we have worked in our own space,

let's say, even though we have had, of course, conversation for example, again with the Commission of Humanitarian Aid of the 2015 National Assembly, which is really important. I mean, if the aim is to help, it is to support the Venezuelan people suffering the consequences of the humanitarian emergency, that should be the consideration.

So we have not been involved in the political conflict. It has to be solved. It needs to be addressed, definitely. But, certainly, we can find ways to have sort of a two-track kind of work. And the one that goes toward supporting the Venezuelan people suffering severely the consequences of the emergency can be worked out again, and we have shown that, a civil society organization is on the ground.

Ms. Omar. Thank you. And, Chairman, I yield back.

Mr. Sires. Thank you, Congresswoman.

Now, we will recognize Congresswoman Malliotakis. You are recognized for 5 minutes.

Ms. Malliotakis. Thank you, Mr. Chairman. I want to thank you for allowing me to participate in today's subcommittee meeting. And I have really have found the exchange to be enlightening and a good discussion.

You know, for me, it is heartbreaking to see how the wealthiest country in South America has been destroyed by corruption and socialism. People--and let's make it clear that the people of Venezuela suffer because of their own government, not for any other reason. And as a Cuban, the daughter of a Cuban refugee, it is all too familiar to me, because it is very similar to what happened in my family. But we have an obligation as the leader of the free world to help the Venezuelan people.

And I look forward to working with the people on this committee to achieve that.

I was pleased when the Biden Administration recognized Juan Guaido as the leader of the Nation. And--but I am--I am I guess a little upset about his announcement to reenter the United

Nations Human Rights Council without having any type of concessions. And, as you know, last week at the first day of the session of the U.N. Human Rights Council, it was Nicolas Maduro who was given a platform to speak.

One of the--one of the biggest violators of human rights was given a platform to speak at the United Nations Human Rights Council. And I think we have an obligation to speak out against that.

And I would like to know from the panel their thoughts on how we can utilize the leverage of President Biden wanting to return to the council, and how we should be using that as leverage to try to get some accountability and to protect the human rights of not only the people of Venezuela, but of the nations that have propped up Venezuela, like Cuba, like Iran, like China, like Russia? That is my first question.

And the second question is, in terms of it is good to have verbal support for Guaido, but what actions, specifically, do you think we should be taking as a nation to support him? Thank you.

Dr. Berg. If I can jump in on the U.N. Human Rights Council question, that would be great. Congresswoman, that is a great question. And this exactly--this shows exactly the linkages that I mentioned in my opening statement. It was precisely the support of other authoritarian regimes, also, on the human rights council, like China, like Russia to be able to help Venezuela win from the South America region when there were really no other sort of competitors for those, for those seats on the human rights council.

It was a total disgrace that Nicolas Maduro and his envoy in Geneva are giving the world lessons on human rights protections. So I absolutely share, your--your concern. And as a matter of fact AEI has done a report on reforming the U.N. Human Rights Council, which includes a number of things, actionable things that should happen before the U.S. sits in that body again. So periodic reviews of members that are on the

council. So a kind of policing of one another to make sure that the body does not become a rogues' gallery of suspect State

More competitive elections. In many cases, we have elections where there are real only a few countries on the slate for—to represent their region. And so you have countries like Venezuela able to slip through because it has the support of greater powers, but also it just does not face that much competition. We have to increase the level of interest here, I think, in terms of the desire to sit on this body, and part of that is going to be shoring up its reputation.

And, last, I would mention that there should be some sort of review, I think, before you are even eligible to put yourself forward for membership in this body that you sort of—you comply with basic human rights standards. Because as we have seen, quite a few candidates in U.N. Human Rights Council elections have been extremely suspect. And so those are three sort of tangible things that I would throw out there right away.

But I absolutely share your concern that Maduro and his envoys were given time in Geneva to present last week.

Ms. Malliotakis. Please send me a copy of your report. I would like to read that. Thank you.

Mr. Sires. I recognize now Debbie Wasserman Schultz. A tireless defender of Venezuela, and of human rights of Venezuela, for 5 minutes.

Ms. Wasserman Schultz. Thank you, Mr. Chairman, and thank you for your indulgence in allowing me to moonlight as member of your subcommittee on the House Foreign Affairs Committee.

Some of you may know that I represent the largest concentration of Venezuelans in the United States. My home town has so many Venezuelans that its nickname is West Venezuela, and proudly so. In my own neighborhood we are surrounded and are mixed with friends and neighbors who have family in Venezuela who have themselves fled from Venezuela. I have heard harrowing experiences shared with me repeatedly, a flight from

political persecution, businesses confiscated, denial of basic food, or lifesaving medicines. And so making sure that we shine a spotlight on this plight is really critical.

I want to ask Ms. Arnson and Mr. Reyna if they can talk briefly about the relief that declaring temporary protective status for Venezuela would provide the Venezuelans and the United States who fear deportation. And, specifically, if you could address why TPS, which is a legal protection that is based in statute offers better protection than DED, which was haphazardly declared in the last 16 hours of the previous President's term.

And making sure, you know, from my perspective, I have been pleased to see as I--that President Biden has clearly indicated his plans to declare TPS for Venezuelans. And if you could share with us your perspective on the difference and why TPS would be preferable.

Dr. Arnson. And I do not know if Feliciano wants to go first. Congresswoman Wasserman Schultz, I am not an expert on U.S. immigration law, but I think that, you know, what you have indicated in your question is true. That temporary protected status gives much greater certainty to Venezuelans that they will not be deported, but they will have not just a temporary stay of deportation, but also a number of rights to work in the United States and to have a life until such time as they may choose to return to Venezuela when the country is in a dramatically different circumstance.

The deferred deportation is exactly that. It says we will not deport you. But there are many other things that go with being able to survive and live a productive life in the United States. And I think that Congress has on numerous occasions, in a bipartisan way, endorsed TPS for Venezuelans. And I would certainly support that and hope that the Biden Administration will follow through on its commitment which it made repeatedly during the campaign.

Ms. Wasserman Schultz. Thank you. Mr. Reyna.

Mr. Reyna. Yes, thank you very, Congresswoman. I agree with Cindy that any status that would grant more rights to people in the United States who have migrated forcefully from Venezuela and who if coming back would really face, you know, difficulties, it is—it is the right way to go.

So again, without having the total knowledge of the migration situation in the U.S., I understand from what I have read, from what I heard from colleagues that TPS would be the proper way to go. Thank you.

Ms. Wasserman Schultz. Thank you.

And Mr. Reyna, I know earlier you spoke about the need for the donor community to step up globally. I am a member of the Appropriations Committee, and you know, as I said just moonlighting on the Foreign Affairs Committee today, but I curious about what more the United States should be doing. Particularly, where should we be focusing our efforts, our funding efforts within Venezuela, as well as neighboring countries like Colombia who has taken in, you know, significant refugees and migrant populations and also maybe throw in what about the rest of the international donor community?

Mr. Reyna. Thank you. I believe that, again, in seeing the numbers and the extent of the situation here that there is room for much more. There are reservations because of the political situation and manipulation, for example, of humanitarian aid. But this is a risk I think that has to be taken, unfortunately, because such is the situation in Venezuela, and that does not mean that one cannot overcome, for example, a narrative or propaganda, or something like that. It can be done.

And at the end, the end result is really supporting a popular

[inaudible]. I think that there are others who should be coming in. Again, perhaps in a multilateral kind of reflection on the obstacles in Venezuela, why, and how to overcome. It would be possible to increase the amount of resources that are coming in. Working through the U.N. system is one way, is an

important way both inside and outside of Venezuela, but also directly to civil society as has been happening so far, but perhaps this can be increased.

And so are different ways in which I am quite sure that international cooperation can be increased in the case of Venezuela. Again, looking at the numbers with other countries in need, it really does not make any sense to see why is it that Venezuela is not receiving all the funding that it should receive for humanitarian aid.

Thank you.

Ms. Wasserman Schultz. Thank you, Mr. Chairman. I yield back.

Mr. Sires. Thank you, Congresswoman. We have votes at 12:15, so we are going to go for another 10 minutes. The ranking member and I will have one more question.

My question is to you, Mr. Reyna. Mr. Reyna, the reason you are a guest of our committee is because we recognize the work that you do inside of Venezuela. We recognize the risk that you take all the time.

So as a recognition of your work and your effort, we want to make sure that we receive your thoughts here today at this committee. I happen to have visited Cucuta, Mr. Reyna, a couple of years ago. I have never seen anything like it. People from Venezuela work hours and hours just to get a meal. There had to be a line of about 5,000 people. There was a line for the bathroom for about 500,000 people alone. And there is a priest that through volunteers provides the meal for these people. I think that priest should be canonized because of the way he has organized and helped those people in that area.

I was just wondering if your organization is involved at all in trying to help this particular part of Colombia or Venezuela at all? Are you involved, your organization, or any of your members involved?

Mr. Reyna. Thank you, Chairman Sires. At Accion Solidaria, we are not working on the border, but we are part of the

community of humanitarian organizations on the ground.

What you are describing really is for us--this is sort of a daily happening, and it is something that, that takes you know, our time fully in terms of--I mean, even today, we are having about 80 people at our doors receiving medicines donated, and this goes to about 1,400 to 1,500 per month. But we do have a large network.

Some of the organizations on the border towns are working with the UNHCR and others in order to provide support for the displaced, internally displaced, and then also working with others outside of Venezuela to provide support for refugees and migrants on the other side of the border. So----

And, again, I think, I really appreciate that you took the time to go to Cucuta to speak to the people and to see what they are going through. And, hopefully, also perhaps this would--you know, as I was saying, will lead to an increase in support, not only for what the response is here in Venezuela, but also in the region. We do need that.

And the organizations that are working outside in this platform called response for Venezuelans would really appreciate such support.

Mr. Sires. Thank you, Mr. Reyna.

I now recognize the ranking member.

Mr. Green. Thank you, Mr. Chairman. I have heard throughout our discussion today something that made me think of a quote that I used to use when I run my healthcare company. I used to tell my physician leaders that, ``No one cares how much you know, until they know how much you care.''

And I want to make sure that both the people of Venezuela who can hear my voice today, the international community and all of our witnesses, and we want to help. We want to help. We want to help the people of Venezuela who are suffering one the greatest humanitarian crises ever and, certainly, the greatest economic collapse ever.

But my concern is that if that assistance is funneled to

and through the regime, it only empowers the regime's leadership. One example is Maduro's henchmen destroyed, literally destroyed resupply convoys of humanitarian aid coming in from Colombia.

So my last and final question is how effective would relaxing sanctions be if Maduro is just going to seize, destroy, or misuse that aid?

Ms. Arnson. If I could address that, Congressman Green.

I mean, again, just to repeat, the Maduro regime is the principle obstacle to greater delivery.

But as Feliciano Reyna was pointing out, there is, I think, a lot of experience in Venezuelan civil society, in the international community, in delivering aid in an apolitical fashion. And that has to be a fundamental principle.

And to go to what a number of questions have touched on, I think that the scale, the resources for the humanitarian response, both inside Venezuela and outside Venezuela, for the refugees and migrants, has to be dramatically increased.

And there are multiple international relief organizations, U.S. relief organizations, church organizations, USAID, State Department's Bureau of Population, Refugees, and Migrants, are involved in this every single day, and they just do not have enough. There is just not enough funding to go around.

So I would encourage people, as they look to what are the next steps to help Venezuela, to dramatically increase the amount of resources available.

Mr. Green. Yes. And I was, in my preparations for today's committee hearing, surprised to see the delta between the aid to Syrian refugees and the aid to the Venezuelan refugees. And I agree with you, that disparity, I mean, we have got to recruit international partners to it, to this cause.

But, again, my great concern is, whether it is an NGO or governmental assistance, it is got to get past Maduro to get to the people who need it.

And I appreciate your thoughts and your comments.

And, Mr. Chairman, I yield.

Mr. Sires. Thank you, Ranking Member.

And thank you again to our witnesses and the members for their participation in this important hearing today.

The crisis in Venezuela deserves our urgent attention. I will continue to work closely with my colleagues and the Biden Administration on a bipartisan basis to pursue the peaceful return to democracy in Venezuela.

With that, the committee is adjourned. Thank you to our witnesses. Thank you very much.

[Whereupon, at 12:10 p.m., the committee was adjourned.]

APPENDIX

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

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Russia Supports the Taliban



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Last month, another US General, John Nicholson, current commander of international military force in Afghanistan, testified in the Senate that Russia provided supplies as well as diplomatic support to the Taliban. Moscow consequently denies any such accusations. Taliban representatives had already told Reuters that the group has had contacts with Moscow since at least 2007, but Russian involvement did not extend beyond "moral and political support". However, evidence of military cooperation can be seen in the very Afghanistan itself. The fighting going on in some southern and northern provinces proves that the Taliban receive support not only from Pakistan but also from Russian and Iran. In the Kunduz province weapons

made in Russia have been found. Besides, there have been accusations from Kabul that Russian engineers repair Taliban heavy weapons in Tajikistan. Afghan Senate has promised to examine military contacts of the Taliban with Iran and Russia.

At the end of December 2016, special presidential envoy of Putin to Afghanistan, Zamir Kabulov, admitted that Moscow is in contact with the Taliban leaders. "In Afghanistan, the Taliban are fighting against people that we fight in Syria, and thus our interests are aligned," Kabulov said. Following the success in Syria, Putin wants to strike the United States at yet another front. Russia and the West have no common goals in Afghanistan. On the contrary, for the Russian siloviki Afghanistan is yet another front of global competition with the US. Going back to Afghanistan, Russia wants to strengthen its influence in Central Asia and take part in international arrangements concerning Afghanistan. Last month, another US General, John Nicholson, current commander of international military force in Afghanistan, testified in the Senate that Russia provided supplies as well as diplomatic support to the Taliban. Moscow consequently denies any such accusations. Taliban representatives had already told Reuters that the group has had contacts with Moscow since at least 2007, but Russian involvement did not extend beyond "moral and political support". However, evidence of military cooperation can be seen in the very Afghanistan itself. The fighting going on in some southern and northern provinces proves that the Taliban receive support not only from Pakistan but also from Russian and Iran. In the Kunduz province weapons made in Russia have been found. Besides, there have been accusations from Kabul that Russian engineers repair Taliban heavy weapons in Tajikistan. Afghan Senate has promised to examine military contacts of the Taliban with Iran and Russia.

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How Russia Built a Channel to the Taliban, Once an Enemy

The recent assessment that Russia paid bounties to the insurgents to attack U.S. troops stunned many, but officials said the Kremlin's outreach began almost a decade ago.

July 13, 2020



Soldiers at the Bala Hissar military base in the city of Kunduz, in northern Afghanistan, which was overrun by the Taliban in 2015. Jim Huylebroek for The New York Times

KABUL, Afghanistan — During one of the most violent stretches of fighting in northern Afghanistan, as the Taliban scored victories that had eluded them

since the beginning of the conflict, the top American commander went public with a suspicion that had nagged for years: Russia was aiding the insurgents.

In diplomatic circles in Kabul around the time of that accusation, in 2017, there were murmurs that the Russian assistance had included night-vision goggles and armor-piercing ammunition.

US intelligence suspects Russia of supporting the Taliban



Anonymous sources within US intelligence services suggest that Russia provides weapons and military training to the Taliban in Afghanistan. The West also suspects that Moscow's support of the Taliban is guided by the Russia's desire to undermine the pro-American government in Kabul, as reported by *Rosbalt*.

According to information obtained by the Associated Press from US intelligence sources, evidence was found that Moscow supplied weapons to the Taliban in 2015, during the Islamic group's campaign to capture the city

of Kunduz in northern Afghanistan.

Russia allegedly provided the Taliban with Kalashnikovs automatic rifles with plastic butts, a model that is only manufactured in Russia. In addition, Moscow is thought to have supplied the militants with anti-tank grenade launchers.

"Russia also gave money and weapons to the Taliban so that they would fight against the Islamic State," the intelligence officials were quoted as saying.

"We are 100 percent confident that Russia supports certain elements among the Taliban and encourages them to operate near Afghanistan's northern border, where they can easily get reinforcements from Tajikistan and act as a buffer against ISIS," the sources added.

In December, an unnamed Taliban field commander told the British *Sunday Times* that Russian President Vladimir Putin held a meeting in September with the leader of the Taliban, Mullah Akhtar Mansour. The meeting allegedly took place at a military base in Tajikistan. According to the *Sunday Time's* source, Putin promised to supply the Taliban with modern weapons and financial support in exchange for cooperation which would "meet the interests of Moscow".

In September of last year, Putin participated in the Collective Security Treaty Organization (CSTO) summit in Dushanbe, where he affirmed his dedication to the fight against international terrorism. An unnamed Kremlin official said that the allegations of Putin's meeting with Mansour are groundless.

[Russia](#), [Afghanistan](#), [Taliban](#)

Comments

Russia, Taliban share intelligence in fight against ISIS

Story highlights

Washington CNN — none

A U.S. commander has told Congress ISIS may have 3,000 fighters in Afghanistan. Vladimir Putin has long worried about jihadists from Russia's Caucasus region going to Syria.

Russian President Vladimir Putin is turning to an old enemy – the Taliban – to share intelligence as the number of ISIS fighters grow in regional neighbor Afghanistan.

Russian Foreign Ministry spokeswoman Maria Zakharova said the contact between Moscow and the Afghan Taliban only involves intelligence-sharing and information exchange regarding the fight against ISIS.

Why would Putin put himself in a risky spot by working with the Taliban? He's aligning himself with the enemy of his enemy.

A U.S. commander last month told Congress that ISIS has gained strength in Afghanistan in recent months, with as many as 3,000 fighters there.

Putin has long worried about thousands of jihadists from Russia's Caucasus region and the former Soviet republics going to fight with ISIS in Syria.

[Afghan forces on offensive against Taliban in Sangin](#)

He may be trying to cut off the pipeline of fighters closer to home, in Afghanistan, one expert told CNN.

"The ties between ISIS and the insurgency in the north Caucasus, the fact that there are people from the north Caucasus fighting in Syria – maybe not

as many as the Russian government says, but certainly a good number, including in leadership roles – means that Russia does see ISIS and a lot of the other Islamist groups as a particular threat, in a way that maybe the Taliban isn't," said Olga Olier of the [Center for Strategic and International Studies](#) in Washington. "So the Russians may think they (the Taliban) are the lesser of the available evils."

Lt. Gen. Mark Hertling, a CNN military analyst, said a map shows the situation, with Afghanistan bordered on the north by former Soviet republics Turkmenistan, Uzbekistan and Tajikistan and Kazakhstan between those nations and Russia.

[Blair: We live with the 'pain' of Iraq, Afghanistan wars](#)

"Russia and Mr. Putin are very concerned about the passage of terrorists, insurgents, Islamists between those borders," Hertling said.

Working with the Taliban presents some risk for Putin, who has been boldly extending his reach with aggressive moves in Syria, Ukraine and with North Korea.

For their part, the Taliban issued a statement Friday denying any contact with the Russian government. The Taliban denied needing any help in the fight against ISIS but maintained they had the right to request assistance from other nations.

Analysts said Putin's moves are all about projecting relevance and strength.

"He wants to go back to the 1970s, when the Soviet Union and the United States were equals as geopolitical leaders, as Cold War rivals, but they still sat down and they did deals," said Matthew Rojansky of the [Woodrow Wilson Center](#).

Former CIA counterterrorism official Philip Mudd concurs, calling Putin's a "pretty serious power grab." Putin is seeking to enhance his relationships with those former Soviet republics.

"What Putin is doing now is telling those states, 'I will work with the Taliban to ensure that we have an agreement to collect intelligence about ISIS before they come across the border,' " Mudd said. " 'When I collect that intelligence, I will pass it back to you.' This is as much about restoring those relationships and trust with the central Asian republics and competing with the United States as it is about countering ISIS in Afghanistan."

The emergence of ISIS in Afghanistan is another major worry – not only to Russia but also to the United States. Much of the violence in the country wracked by war and an insurgency has involved the Taliban. But al Qaeda – which, led by the late Osama bin Laden, called Afghanistan home before the September 11, 2001, terrorist attacks – continues to be a threat.

A U.S. State Department official told CNN when asked for comment on the Russian-Taliban agreement: "Russia and other regional actors all have a shared interest in supporting the continued security and increased stability of Afghanistan. We hope that we can continue to find ways to work with Russia to promote Afghanistan's security and stability."

Another U.S. official told CNN that Washington doesn't see this action as undermining the stability it is working with the Afghan government to achieve. But what would be destabilizing, the official said, is any contact with the Taliban that would legitimize the group with international recognition.

Moscow addressed Russian media reports about Russia supplying weapons to fighters in Afghanistan.

The only weapons that would be transferred on a commercial basis would go

directly to the Afghan government and would not involve the Taliban because of sanctions against the group, said Zakharova, the Russian Foreign Ministry spokeswoman. Russia "strictly follows the sanctions regime against the Taliban," she said.

CNN's Matthew Chance in Moscow, Masoud Popalzai in Kabul, Afghanistan, and Laura Koran contributed to this report.

STATEMENT FOR THE RECORD

BY

GENERAL JOHN W. NICHOLSON

COMMANDER

U.S. FORCES – AFGHANISTAN

BEFORE THE SENATE ARMED SERVICES COMMITTEE

ON

THE SITUATION IN AFGHANISTAN

FEBUARY 9, 2017

Final Version

Contents

Afghanistan Today: The Role of the U.S. and a State of Positive Equilibrium	1
Two Missions: U.S. Counterterrorism and NATO Train, Advise, Assist	2
A Year of Key U.S. and International Policy Decisions Supporting Afghanistan	3
Protecting the U.S. Homeland through Counterterrorism Operations	4
ANDSF Planning for 2016: Developing a Sustainable Security Strategy	6
ANDSF Operations 2016: Tested and Prevailed	6
Critical Factors Affecting the Mission and Equilibrium Favoring the Government	9
Importance of Leadership Development and Other Lessons Learned	11
Offensive Capability: The Afghan Special Forces and Air Force	13
Countering Corruption with Afghan Partners	16
Winter Campaign 2016 – 2017: Leadership, Training, and Sustainment	17
Optimizing USFOR-A Structure to Meet Objectives	18
Looking Ahead: A Critical Partner in a Volatile Region	19

Afghanistan Today: The Role of the U.S. and a State of Positive Equilibrium

Our primary mission remains to protect the homeland by preventing Afghanistan from being used again as a safe haven for terrorists to attack the United States or our allies. U.S. counterterrorism operations this year killed five combatants who were emirs of terrorist or violent extremist organizations (VEO), including Al-Qa'ida (AQ) and the Islamic State in Iraq and the Levant – Khorasan Province (ISIL-K). Of the 98 U.S. - designated terrorist organizations globally, 20 are located in the Afghanistan - Pakistan region. This constitutes the highest concentration of terrorist groups anywhere in the world and demonstrates the importance of this mission.

Complementing the U.S. counterterrorism mission in Afghanistan is NATO's Resolute Support Mission. This operation, the largest and longest in NATO's history, focuses on training, advising, and assisting (TAA) the Afghan National Defense and Security Forces (ANDSF) and the Afghan Security Institutions (ASI) to achieve a secure and stable Afghanistan. In 2016 the ANDSF executed their first post-International Security Assistance Force (ISAF) strategy and prevailed in combat against an externally enabled enemy. With the help of Resolute Support TAA and U.S. expeditionary advising and combat enablers, the ANDSF prevented the Taliban from achieving any of their major objectives. The ANDSF's ability to face simultaneity and complexity on the battlefield signals growth in capability. The Afghan Air Force (AAF) was essential to Afghan operations in 2016, but is in dire condition due to an extremely high operational tempo and complications in helicopter maintenance and spare parts availability due to sanctions. Without an AAF transition initiative, the risk to the overall mission success

from a lack of organic aerial mobility and fires will rise for the remainder of 2017 and beyond, putting the ANDSF at risk.

We remain concerned about multiple critical factors, specifically the stability of the Afghan government, ANDSF casualties, the influence of external actors on Afghanistan, including Pakistan, Russia, and Iran, and the convergence of the 20 terrorist groups and three VEOs operating in the region. Other non-military factors such as the economy, governance and corruption, demographics, reconciliation and reintegration, and the influence of the narcotics trade also affect this mission and underscore the need to employ all instruments of U.S. national power with those of our Allies and partners.

We assess the current security situation in Afghanistan as a stalemate where the equilibrium favors the government. Leadership and countering corruption are two areas in which the ANDSF must improve to reduce casualties and increase military capability.

Two Missions: U.S. Counterterrorism and NATO Train, Advise, Assist

Our primary objective is to prevent Afghanistan from being used as a safe haven for terrorists to again attack the United States and our Allies.¹ We work with our NATO Allies, operational partners, and the international community to achieve our remaining objective of a sovereign, secure, stable, and unified Afghanistan.² We execute two narrow, but complementary missions to achieve these objectives:

1. Counterterrorism (CT) consisting of unilateral operations against AQ and its associates and the ISIL-K. We also conduct U.S.- Afghan advise, enable, and

¹ Statement by President Obama on Afghanistan, The White House, 6 July 2016.

² Department of Defense, "Enhancing Security and Stability in Afghanistan," 1 December 2016.

partner operations against other threats and have the shared goal of the defeat of AQ and ISIL-K. Our regional Central Asia South Asia (CASA) CT platform and training, advising, and assistance of Afghan Special Security Forces (ASSF) keep pressure on the terrorist groups in this region, at least half of whom have regional and transnational ambitions.

2. Train, advise, and assist (TAA). U.S. forces execute the TAA mission as part of the 39 nation NATO-led coalition Resolute Support (RS) mission to develop the ASI and ANDSF. A capable and sustainable ANDSF is critical to the independent defense of Afghan sovereignty and deterring long-term instability. It also enables our CT operations and maintains pressure on VEO and irreconcilable insurgent elements who threaten the stability of Afghanistan and the region.

A Year of Key U.S. and International Policy Decisions Supporting Afghanistan

Three crucial U.S. decisions enabled policy success in 2016. First, the decision to strike Taliban Emir Mullah Mansour caused leadership and financial disruption within the Taliban. Next, the authority to use U.S. combat enablers in support of Afghan forces to achieve strategic effects enabled the success of certain ANDSF CT and counter insurgency operations. These combat enablers helped bridge capability gaps from the 2014 transition. Close air support and aerial mobility are the most critical remaining gaps that need to be addressed. Finally, the decision to maintain U.S. troop levels at 8,448 permitted us to restructure our command to advise all Army Corps and Police Zones going into next year. It also has enabled us to use expeditionary advising packages to provide tailored support to the regional ANDSF commands when required.

The cumulative effect of these decisions saw an ANDSF that prevailed in 2016 and prevented the Taliban from achieving any of their major objectives, helped renew international commitment at the NATO Warsaw Summit and EU-hosted Brussels Conference on Afghanistan, and provided great confidence to the people and government of Afghanistan.

At the July 2016 Warsaw Summit, 39 NATO Allies and Resolute Support coalition members, representing one-fifth of the global community, remained committed to providing forces for the Resolute Support Mission beyond 2016. In addition to planned U.S. support, 30 other nations pledged more than \$800M annually to fund the ANDSF until the end of 2020. In late September, India added \$1B to the \$2B it already committed to Afghanistan's development. Seventy-five countries and 26 international organizations met in October for the Brussels Conference on Afghanistan where they confirmed their intention to provide \$15.2B for the period 2017-2020 in support of Afghanistan's development needs. These commitments show the U.S. and international community's resolve to stand by our Afghan partners by continuing capacity building for sustainability and strengthening the fight against terrorism.

Protecting the U.S. Homeland through Counterterrorism Operations

U.S. counterterrorism forces conducted over 350 operations against AQ and ISIL-K in 2016 and killed the emirs of five terror and violent extremist organizations, to include Faruq al-Qatari, the Al-Qa'ida emir for Eastern Afghanistan, along with his deputy, Bilal al Utaybi. As the external operations director, Faruq al-Qatari and his deputy were directly involved in planning threats against the U.S. in the last year. Nearly fifty AQ and

AQ affiliated leaders, facilitators, or key associates were also killed or captured and transferred to the Afghan government, and over 200 AQ and AQ affiliated fighters were killed. Of note, Afghanistan is a unique partner with a host-nation judicial system able to take custody of terrorists, prosecute them, and enter them into their penal system if convicted. Working in a partnered raid with Afghan commandos, our U.S. counterterrorism forces also rescued Haider Gailani, the kidnapped son of the former Pakistani Prime Minister, in a raid against AQ in Eastern Afghanistan.

Working closely with our Afghan partners, U.S. counterterrorism forces also conducted specific counter ISIL-K operations, named GREEN SWORD, during 2016. These operations killed approximately one-third of their fighters, including Emir Hafiz Sayed Khan, and reduced the territory they hold by two-thirds. U.S. forces destroyed two dozen command and control and training structures, disrupted financial support networks, and significantly reduced an ISIL-K sanctuary that existed in Nangarhar Province since early 2015 from nine to three districts.

Besides Mullah Mansour, Faruq al-Qatari and Hafiz Sayed Khan, there was also the strike against Hamidullah, the emir of the Islamic Jihad Union, and the strike against Omar Khalifa, emir of the Tariq Gidar Group. Omar Khalifa was the mastermind of multiple attacks in Pakistan, including the horrendous attack on the Peshawar Army Public School that killed 150 civilians, including 134 children, the attack on the Bacha Khan University that killed dozens of professors and students, and an attack on Badaber Air Force Base, killing Muslims at morning prayer.

Without a doubt, we are attaining our primary objective in Afghanistan. Our presence in Afghanistan in 2016 maintained critical pressure on terror networks to protect the homeland. U.S. counterterrorism forces will continue to target Al Qai'da and conduct a series of operations designed to defeat ISIL-K in 2017 and preclude the migration of terrorists from Iraq and Syria into Afghanistan.

ANDSF Planning for 2016: Developing a Sustainable Security Strategy

In 2015, the ANDSF developed their first post-ISAF strategy. Nested within a five year National Campaign Plan designed to incentivize reconciliation, the Sustainable Security Strategy prioritized efforts based upon a "hold-fight-disrupt" methodology. This methodology designated areas which the ANDSF would "Hold" to prevent the loss of major population centers and other strategic areas to the enemy, those for which the ANDSF would immediately "Fight" to retain and those areas where they would assume risk by only "Disrupting" the enemy if they appeared. The ANDSF designed their phased operational campaign plan, called Operation SHAFaq, to anticipate and counter the enemy's main and supporting efforts. This prioritization caused them to concentrate forces in more populous areas and remove forces from more remote, sparsely inhabited areas.

ANDSF Operations 2016: Tested and Prevailed

Two dynamics characterized the early months of 2016. First, the externally enabled Taliban fought through the winter months in an attempt to exhaust the ANDSF. However, this effort also depleted their own manpower and finances. Second, Afghanistan joined Pakistan, the U.S., and China to discuss peace and reconciliation as

the Quadrilateral Coordination Group (QCG). However, in mid-March, Taliban Emir Mullah Mansour publically rejected participation in the process. On 12 April, they announced the start of their 2016 offensive, Operation Omari.

The ANDSF largely stayed on their campaign plan for the first half of 2016, successfully executing the first three phases of Operation SHAFaq from February through late July. In Phase I, they defended Kunduz, inflicting heavy casualties on local Taliban who desired a repeat of their October 2015 seizure of that provincial capital. The ANDSF transitioned to Phase II of Operation SHAFaq in June, and shifted their main effort to Helmand and Uruzgan. While suffering high casualties, the ANDSF successfully consolidated control over the most populous areas and defeated attempts at isolating provincial capitals. By mid-July, the ANDSF executed Phase III in which they shifted the main effort to southern Nangarhar Province for counter-ISIL-K operations.

In early August, the Taliban initiated multiple efforts to seize the provincial capitals of Lashkar Gah in Helmand and Kunduz City in Kunduz Province. Through the end of September, the Taliban tried again to isolate and seize these two cities, as well as Tarin Kot, the provincial capital of Uruzgan Province. With the help of U.S. Expeditionary Advising Packages (EAPs) using U.S. authorities and combat enablers, the ANDSF prevented the capture of any of these provincial capitals, a significant success in just their second year at the helm of the fight. Additionally, Afghan National Army (ANA) units executed clearing operations to reopen highways and maintain lines of communication between key regional population centers throughout this period.

Of the 34 provincial capitals, Kunduz was the primary target of the Taliban. Their third attack on this city in early October 2016 was timed to correlate to the Brussels Conference on Afghanistan and the one year anniversary of the fall of the city in 2015. On 6 October, the ANDSF fought four simultaneous, coordinated attacks on Lashkar Gah, Kunduz, Tarin Kot, and Farah City in Farah Province, and repelled them all. Between August and October, the ANDSF prevailed against a total of seven Taliban attacks on major Afghan cities.

Since the start of the Taliban's campaign in April, the ANDSF prevented them from accomplishing their stated strategic objective of overtaking provincial capitals. They were often unable to mass in large numbers because of Afghan and U.S. airpower instead resorting frequently to numerous small-scale attacks on checkpoints in their attempts to isolate cities and create panic. They exploited localized and temporary successes by depicting these events as major strategic shifts through the use of social media and propaganda. The ANDSF consistently retook district centers and population areas within days of a loss, whereas in 2015 it sometimes took them weeks to recover. While the number of high-profile attacks in Kabul was 25% lower than during the same time period last year, these terror attacks resulted in large numbers of civilian casualties. Despite promises to safeguard civilians the Taliban caused approximately two thirds of civilian casualties according to statistics provided by international organizations, such as the United Nations High Commissioner for Refugees.

Critical Factors Affecting the Mission and Equilibrium Favoring the Government

The critical factors that can affect our mission are the stability of the Afghan government, ANDSF casualties, convergence of terrorists and violent extremist organizations in Afghanistan, and the influence of external actors on Afghanistan.

Reinforcing the stability of the Afghan government is a work in progress primarily led by the diplomatic community. The USFOR-A supporting effort has been to urge all political actors to not allow their political process to undermine the security gains made at such high cost. At the strategic level, Afghanistan is a moderate Islamic republic and arguably one of the most democratic nations in the region. The Government retains broad international community support, represented by the financial and security commitments through the 2020 timeframe of the Warsaw Summit and the Brussels Conference.

High ANDSF casualties remain a major concern, but thus far recruitment has generally kept pace with losses and attrition. The high losses have primarily resulted from poor leadership, tactics, and training, as well as corruption, which undermines combat effectiveness.

The convergence of individuals and groups among the 20 designated terrorist organizations and three VEOs is an ongoing threat. ISIL-K is illustrative of this, as its composition includes former Tehrik-e Taliban Pakistan and Afghan Taliban leaders as well as members of the Islamic Movement of Uzbekistan. These groups benefit from complementary capabilities and networks and require continuous pressure to prevent the emergence of a new, more virulent organization in which the new whole is more dangerous than the sum of the previous parts.

Afghanistan's geostrategic location invites the often malign interest and influence of several external actors. It sits at the geographic, political, and cultural crossroads of transnational terrorism, the volatile Pakistan-India border, the former Soviet republics of Central Asia, Iran, and China's One Belt, One Road initiative. The Taliban and Haqqani network are the greatest threats to security in Afghanistan. Their senior leaders remain insulated from pressure and enjoy freedom of action within Pakistan safe havens. As long as they enjoy external enablement, they have no incentive to reconcile. The primary factor that will enable our success is the elimination of external sanctuary and support to the insurgents. Russia has become more assertive over the past year, overtly lending legitimacy to the Taliban to undermine NATO efforts and bolster belligerents using the false narrative that only the Taliban are fighting ISIL-K. Similarly, neighboring Iran is providing support to the Taliban while also engaging the Afghan government over issues of water rights, trade, and security.

Afghanistan desires that outside actors will cooperate with rather than undermine the Afghan government to bolster its capability and legitimacy and not the insurgents. Iranian – Indian – Afghan cooperation over the Chabahar Port presents great economic potential. With over \$2B development aid executed since 2002, and another \$1B pledged in 2016, India's significant investments in Afghan infrastructure, engineering, training, and humanitarian issues will help develop Afghan human capital and long-term stability. China is a moderate influencer focused mainly on regional economic interests. Multiple witnesses have appeared before this body and testified that insurgents cannot be defeated while they enjoy external sanctuary and support from outside of the

national boundaries of the conflict area.³ External safe haven and support in Pakistan increases the cost to the United States in terms of lives, time, and money, and it advantages the enemy with the strategic initiative, allowing them to determine the pace and venue of conflict from sanctuary. Even within this dynamic, the situation in Afghanistan has reached a state of equilibrium that favors the Government. Neither the Taliban nor the ANDSF is currently capable of fundamentally altering the operational environment, which leaves the government in control of roughly two thirds of the population, the Taliban in control of approximately ten percent, and the rest contested.

The “Hold-Fight-Disrupt” methodology of the Sustainable Security Strategy shifted Afghan focus from control of terrain to population security this year. Another way to affect change in equilibrium is to encourage reconciliation of insurgents. The Afghan government-negotiated peace agreement with the Hezb-e Islami Gulbuddin (HiG) has the potential to serve as a catalyst for similar settlements with the Taliban or portions of them. President Ghani is focused on the complex coordination required to successfully demobilize and reintegrate the HiG in 2017.

Importance of Leadership Development and Other Lessons Learned

2016 operations highlighted the greatest weakness of the Afghan security forces - poor leadership. Poor leadership occurs primarily because of patronage vice merit-based appointment, which is prevalent in the Police, but improving in the Army. The high quality of leadership within the Special Forces and, to an increasing extent the Air Force, demonstrates the art of the possible in building effective Afghan leaders from

³ Statement of ADM Michael Mullen, “U.S. Strategy in Afghanistan and Iraq,” 22 September, 2011. Testimony of GEN John M. Keane, USA (Ret), “Emerging U.S. Defense Challenges and Worldwide Threats,” 6 December, 2016.

their sizeable youth population. Reforms to the appointment systems and leader development programs are beginning to now address these deficiencies.

Besides poor leadership, the widespread ANDSF use of static checkpoints is still the greatest contributing factor to increased casualties. There is significant social and political pressure to maintain these checkpoints around villages and along highways. However, the ANDSF are not trained in how to defend these small outposts, conduct local security patrols or ambush would-be attackers. We continue to stress checkpoint reduction and are seeing this begin within the Afghan Army.

Other weaknesses include poor sustainment of soldiers and police in the field, the lack of an operational readiness cycle, no collective training, and corruption that diverts needed support from fighting units. At the tactical level, the ANA needs to improve its integration of fires and air power, as well as cross-pillar integration between the ANA and Afghan National Police (ANP) to improve unity of effort and maximize available combat power, use established chains of command, and integrate intelligence into operations. With so many Afghan troops tied up on static checkpoints this year, units did not execute an Operational Readiness Cycle (ORC) in which they rotate troops through field duty, training and refit cycles. During the current Winter Campaign, units are establishing these cycles, and we have observed an increased focus on company-level collective training and leadership development over the past 4 months. USFOR-A is working with the Ministry of Defense (MoD) to counter corruption within the personnel system through the biometric enrollment and improved accountability procedures. As of 1 January 2017, USFOR-A is limiting dispersal of funds for salaries to cover only the number of individuals who are biometrically enrolled.

Despite these shortcomings, there are some areas of success within the Ministry of Interior (MoI). The number of female officers has increased to nearly 3,000 and gender integration in the MoI outpaces the MoD. The ineffectiveness at the ministerial level should not detract from the bravery and skill demonstrated by the special police units. Crisis Response Unit 222 responds to all high profile attacks in Kabul. It successfully contained the terror attack against the American University in Kabul on 24 August, saving the lives of over 60 hostages and hundreds more who were trapped on the university grounds. This same unit also responded to the 11 October twin attacks against Shia mosques, rescuing 70 hostages.

Offensive Capability: The Afghan Special Forces and Air Force

While the MoD has many challenges as well, primarily in the areas of procurement, logistics, and leadership, there are numerous successes. The professionalism and competence of the Afghan National Army Special Operations Command is the most noteworthy. These 17,000 special operators conduct 70% of ANA offensive operations and are the best example of success in 2016. The regeneration of this force and their role as a catalyst for improvement of the Army are critical objectives for the winter campaign. The proficiency of the ASSF is directly attributable to their long-standing and consistent partnership with U.S. and coalition advisors who train, advise, assist and partner for specific operations down to the tactical level (company and battalion) and up to the operational level (division and corps). Competent ASSF are the result of extensive international investment in time, funding, and personnel. The capability and capacity of the ASSF will ensure Afghanistan cannot again be used as a safe haven from which trans-regional terrorists can threaten the U.S. and international partners.

Coalition advisors anticipate the ASSF will make strides in the coming years in critical warfighting functions, but this will require the continuation of persistent coalition training and advising, as well as the security assistance funding we provide them.

Another key to future success is the Afghan Air Force (AAF). Although still limited in number of aircraft and crews, since the beginning of the 2016, the AAF has added 26 strike aircraft, consisting of 18 MD-530 attack helicopters and eight A-29 attack aircraft. Comparing 2016 to 2015, the AAF has increased organic strike missions by 268%.

Before March, the AAF had no dedicated fixed wing attack aircraft – in 2016, the Air Force added eight A-29s and nearly 120 Afghan Tactical Air Controllers to improve the combat capability of the ANDSF. The first A-29 strike mission was flown on 14 April 2016. In the remainder of 2016, the AAF dropped over 430 bombs. Nearly 20 air crews were added to the force this year and their training and education in U.S. schools helped further professionalize their force. These Afghan pilots demonstrated sound judgment, good flying skills and the courage to dissent when there was risk of civilian casualties. The AAF also demonstrated the ability to integrate the new national targeting process with A-29s, MD-530s and ScanEagle ISR platforms to attack insurgent targets. Afghan Special Security Forces rely on the Afghan Special Mission Wing, which is fully night-vision goggle qualified and enables them to conduct night time operations anywhere in the country, bolstering national counterterrorism efforts.

The extremely rugged and mountainous terrain in Afghanistan requires the ANDSF to have an organic aerial mobility and fires capability. Aerial mobility enables offensive action through the rapid movement of troops in advance of enemy maneuver, provides critical resupply over impassible terrain, and permits the rapid medical evacuation of

wounded Soldiers. Aerial fires provide prompt overmatch fire support to friendly troops in contact with the enemy. Air support affects the entire range of the campaign from operational maneuver to Soldier morale and is the most critical enabler for our partners.

The U.S. government is considering a critical AAF initiative to replace the unsustainable Russian-manufactured aircraft fleet and make up for combat losses in Afghan transport helicopters by providing U.S. Army UH-60s. The Department of Defense submitted a funding request in November 2016 to begin this transition. While making steady progress, a fully operational AAF is still some years away. Of note, it will take approximately 21 months from the initial approval decision to field the first refurbished and upgraded UH-60. Deferring funding decisions any further widens the critical Afghan aerial capability gap as the Russian-made Mi-17 helicopters attrite and UH-60s are not available until the 2019 campaign. This will require U.S. aviation and authorities to bridge the gap and pushes the arrival of these critical AAF helicopters and additional strike aircraft until later in the Warsaw Summit time frame, which puts attainment of our campaign objective at serious risk.

In the 2015, USFOR-A recommended a wargame to “provide a projection of the ANDSF’s level of success as it continues to have responsibility for the security of Afghanistan.” From March to August 2016, the USFOR-A staff, in partnership with the Center for Army Analysis (CAA), conducted a study of various combinations of ground force structures and AAF aerial mobility and fires options. The study team recommended retention of the 352,000 authorized Afghan force structure through 2020, with full implementation of an AAF initiative and lifecycle replacement of armored HMMWVs (“Humvees”) in the ANDSF to enhance air and ground mobility of forces on

the battlefield. This option, which sustains an effective ANDSF, is the most likely to succeed given the expected threat environment and projected ANDSF capabilities.

Combined Security Transition Command – Afghanistan (CSTC-A) conducted a Tactical Wheeled Vehicle Optimization study in 2016 in support of the MoD and MoI Tashkil (i.e., official manning document) with a focus on creating a sustainable, affordable, and effective fleet that increases combat capability and force protection for occupants. In concert with the results of the subsequent wargame, CSTC-A will only sustain 53 percent of the current vehicles. Those vehicles specifically identified for termination of CSTC-A resourced sustainment are predominately pickup trucks and other unarmored vehicles not designed for combat and military vehicles that are uneconomical for continued Coalition sustainment. This reduced fleet maintains HMMWVs and Mobile Strike Force Vehicles in order to maintain protected mobility and force protection.

Countering Corruption with Afghan Partners

More than any other factor, corruption drains critical resources and undermines combat effectiveness. During the last several months, we have pushed both the ANA and ANP to conduct Personnel Asset Inventories (PAIs) to account for every employee, by ensuring they are properly enrolled in the Afghan Human Resources Information Management System (AHRIMS). USFOR-A notified both MoD and MoI Ministers that beginning on 1 January 2017, we will only fund the actual monthly Afghan Local Police⁴ and ANA payroll disbursements reflecting the number of validated personnel. CSTC-A will field the Afghan Personnel and Pay System (APPS) in 2017 to automate much of

⁴ The ANP is funded by the Law and Order Trust Fund for Afghanistan (LOTFA) using the Web-based Electronic Payroll System (WEPS). We have begun negotiations with LOTFA to implement the same standards in the MoI.

the pay process, and dramatically reduce human error and remove opportunities for fraudulent and corrupt behavior within the payroll system.

President Ghani is strongly committed to reforms within both security ministries and is committed to fighting corruption. The recent arrest or suspension of senior Mol officials as a consequence of corruption investigations is a start. With the help of the international community, the Government established the Anti-Corruption Justice Center in 2016, which has already tried, convicted, and sentenced senior Afghan officials for corruption. After corruption in the supply system was identified as a major cause of casualties this year, President Ghani directed the replacement of over 700 personnel in the logistics system in order to reduce criminal network penetration.

Winter Campaign 2016 – 2017: Leadership, Training, and Sustainment

The ongoing ANDSF Winter Campaign (Operation SHAFaq II) is focused on leader development, collective training, personnel accountability, establishment of an operational training cycle, and sustainment at all levels. CSTC-A has assessed each of the Corps for its regeneration requirements, with ASSF as the top priority.

Leadership, training, and sustainment will have the largest impact on reducing the high number of ANDSF casualties that occurred this year. Leadership in particular is the key to progress. As with corruption, President Ghani is committed to reforming leader development and recently authorized a merit-based High Oversight Board to appoint ANDSF Senior Officers. In the fall of 2016, the ANA selected a new Sergeant Major of the Army in the first ever merit-based senior leader selection. It has since expanded this

process to the selection of two Command Sergeants Major for ANA Corps and is supporting a USFOR-A study to improve general officer selection and management.

To best translate the 2017-2020 Warsaw Summit timeline into success, President Ghani has directed the implementation of an Afghan four-year "Roadmap" to increase ANDSF fighting capabilities, which will expand Afghan government control of the population and incentivize reconciliation.

Optimizing USFOR-A Structure to Meet Objectives

In planning for the transition from 9,800 to 8,448 troops, we optimized the force structure to provide four TAA commands, an increase by two. We are reorganizing our advisory teams to create training and sustainment sections in each to teach the ANDSF "how to train" and "how to sustain."

To address ANDSF casualties, we continue to advise the ANA Medical Command, the ANP Office of the Surgeon General, and the Afghan Air Force Surgeon General on medical care and evacuation. Our new structure includes TAA at the Train, Advise, and Assist Command level for point of injury medical care and en route care.

Based on lessons learned from 2015, we recognized the need for expeditionary advising. EAPs consist of approximately 130 personnel and are self-sufficient for roughly three weeks. This provides three possible employment options: advising Afghan Brigade or Provincial Police elements during particularly important operations; extending TAA when Corps and Police Zone leadership travels away from the headquarters; and advising on collective training, extending TAA to SOF elements away

from their bases, or even advising such non-combat missions as assessing infrastructure vulnerabilities.

Other USFOR-A organizational changes include the regeneration of counter-corruption capabilities. When USFOR-A transitioned to OPERATION FREEDOM'S SENTINEL in early 2015, we divested key capabilities and lost the ability "see ourselves" to prevent diversions of money for fraudulent or corrupt purposes. We are establishing a resident counter-corruption finance cell to ensure U.S. and Coalition Forces funds allocated to the Afghan government are used appropriately as well as prevent corruption in conjunction with U.S. contracting.

USFOR-A is working with the ANDSF on organizational changes to deliver greater mobility. Through structured wargames run at the U.S. Army's Center for Army Analysis, we examined various ANDSF organizational models against the insurgency over time. These wargames suggest that by the end of 2019, we could achieve a "tipping point" in terms of ANDSF mobility and strength to secure a critical mass of the population and relegate the enemy to remote areas where they can be disrupted by either our CT platform or an improved ASSF.

Looking Ahead: A Critical Partner in a Volatile Region

Our primary mission remains CT and protection of the homeland. Afghanistan serves as a critical partner and platform from which we combat AQ and ISIL and maintain pressure on the convergence of 20 terrorist groups and three VEOs in Afghanistan and Pakistan.

ANDSF progress is not as rapid or as uniform as we would like, and in order to further improve corruption and poor leadership must be addressed. Critical risks that could cause mission failure remain and we must learn from the hard lessons of 2016.

The current security situation is a stalemate where the equilibrium favors the government. The Afghan government is further refining its Sustainable Security Strategy and operational concept to gradually increase the government's security of the population for the period 2017-2020 and beyond. With continued TAA and U.S. operational authorities, an increasingly capable ANA, led by its ANASOC and a capable, robust AAF, will begin the growth of governmental control and the corresponding push of the Taliban into the remote regions. However, success will be dependent on eliminating external support to Afghanistan's enemies.

The ANDSF were tested and prevailed in 2016 and earned the trust and confidence of the Afghan people. 76% of the population expressed confidence in their security forces and 87% believed a return to Taliban rule would be bad for Afghanistan. 2017 will be an important juncture for Afghanistan as renewed international commitment to the Government and the Resolute Support Mission provides an opportunity to reinforce improvements demonstrated by the ANDSF in execution of the 2016 Campaign.

The payoff is the reduction of terrorist threats to the homeland and an increasingly stable and critical partner in this volatile but important region.

Russia 'arming the Afghan Taliban', says US

23 March 2018

Gen John Nicholson: "We know that the Russians are involved"

Russia is supporting and even supplying arms to the Taliban, the head of US forces in Afghanistan has told the BBC.

In an exclusive interview, Gen John Nicholson said he'd seen "destabilising activity by the Russians."

He said Russian weapons were smuggled across the Tajik border to the Taliban, but could not say in what quantity. Russia has denied such US allegations in the past, citing a lack of evidence.

But the new claims come at a sensitive time in Russia's ties with Nato powers.

[Britain and Russia are locked in a dispute](#) over claims that Russia was behind an attack on a former Russian spy and his daughter on UK soil using a deadly nerve agent.

Meanwhile a US Congressional Intelligence Committee has just published a report concluding that Russian provocateurs meddled in the 2016 election.

- [Russian spy: What we know so far](#)
- [US punishes Russians over vote meddling](#)
- [Russia denies supplying the Taliban](#)

"We see a narrative that's being used that grossly exaggerates the number

of Isis [Islamic State group] fighters here," Gen Nicholson told BBC News. "This narrative then is used as a justification for the Russians to legitimise the actions of the Taliban and provide some degree of support to the Taliban."

"We've had stories written by the Taliban that have appeared in the media about financial support provided by the enemy. We've had weapons brought to this headquarters and given to us by Afghan leaders and said, this was given by the Russians to the Taliban," he continued. "We know that the Russians are involved."

Much of Gen Nicholson's career has been spent in the conflict in Afghanistan. He narrowly escaped death when his office in the Pentagon was destroyed by one of the 9/11 planes and the US campaign in Afghanistan has shaped his career ever since.

He believes this direct Russian involvement with the Taliban is relatively new. He says Russia has conducted a series of exercises on the Afghan border with Tajikistan. "These are counter terrorism exercises," says Gen Nicholson, "but we've seen the Russian patterns before: they bring in large amounts of equipment and then they leave some of it behind."

The implication is that these weapons and other equipment are then smuggled across the border and supplied to the Taliban.

Gen Nicholson meets an Afghan commando

Gen Nicholson's military career has been shaped by the conflict in Afghanistan

The general admits it is hard to quantify how much support Russia is actually giving the Taliban, but senior Afghan police officers and military figures have told the BBC that it includes night vision goggles, medium and heavy machine guns as well as small arms.

Afghan sources say these weapons are likely to have been used against Afghan forces and the Nato advisers who support them on some combat missions.

However, Russia is not an obvious ally of the Taliban. The Soviet Union fought a bitter war against the US-backed mujahedin after it invaded Afghanistan in 1979. Many of those same mujahedin fighters joined the Taliban when it was formed during the civil war that followed the humiliating Russian withdrawal in 1989.

The Taliban's enmity towards Russia was enduring, says Kate Clark of the

Afghanistan Analysts Network: "The Taliban always castigated the Northern Alliance for dealing with Russia," she says.

It may be that now Russian and Taliban interests are becoming more closely aligned, she speculates.

US military plane over Afghanistan

US combat operations against the Taliban officially ended in 2014

President Trump has been pressuring Pakistan to sever its links with the Taliban. In January he suspended hundreds of millions of dollars of security aid after complaining on Twitter that Pakistan had "given us nothing but lies & deceit" and accusing it of providing "safe haven to the terrorists we hunt in Afghanistan".

The Taliban is also keen to distance itself from Pakistan and demonstrate that it is an independent force. That makes finding new funding lines and international backers important.

Russia, meanwhile, denies providing weapons or funds to the Taliban but has admitted that it has had talks with the insurgent group. It justified that on the basis of the shared opposition to the Islamic State group, which has been trying to establish a base in the north-east of Afghanistan.

However Russia may well believe there are wider geo-political benefits to be had from supporting the Taliban.

When I asked Gen Nicholson whether he thought that Russia was fighting a proxy war against America in Afghanistan he didn't address the question directly.

"This activity really picked up in the last 18 to 24 months," he replied. "Prior to that we had not seen this kind of destabilising activity by Russia here. When you look at the timing it roughly correlates to when things started to heat up in Syria. So it's interesting to note the timing of the whole thing."

RUSSIAN BOUNTIES ON U.S. TROOPS: WHY HASN'T THE ADMINISTRATION RESPONDED?

[House Hearing, 116 Congress]

[From the U.S. Government Publishing Office]

RUSSIAN BOUNTIES ON U.S. TROOPS: WHY HASN'T THE ADMINISTRATION
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HEARING

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

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C O N T E N T S

WITNESSES

Morell, Michael, Former Acting Director and Deputy Director,
Central Intelligence Agency.....
Wallander, Dr. Celeste, Former Special Assistant to the President
and Senior Director for Russia/Central Asia, National Security
Council.....
Nicholson, General John W., (Retired), Former Commander of U.S.
Forces--Afghanistan and NATO's Resolute Support Mission.....
Brzezinski, Ian, Former Deputy Assistant Secretary of Defense for
Europe and NATO, U.S. Department of Defense.....

APPENDIX

Hearing Notice.....
Hearing Minutes.....
Hearing Attendance.....

STATEMENT FOR THE RECORD

Statement for the record submitted from Representative Connelly.

RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD

Responses to questions submitted for the record from Chairman
Engel.....
Responses to questions submitted for the record from
Representative Wagner.....

RUSSIAN BOUNTIES ON U.S. TROOPS: WHY HASN'T THE ADMINISTRATION RESPONDED?

Thursday, July 9, 2020

House of Representatives,

Committee on Foreign Affairs,
Washington,

The committee met, pursuant to notice, at 1:03 p.m., via WebEx, Hon. Joaquin Castro [acting chairman of the committee], presiding.

Mr. Castro [presiding]. The Committee on Foreign Affairs will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point, and all members will have 5 days to submit statements, extraneous material, and questions for the record, subject to the length limitation in the rules. To insert something into the record, please have your staff email the previously mentioned address or contact full committee staff.

Please keep your video function on at all times, even when you are not recognized by the chair. Members are responsible for muting and unmuting themselves, and please remember to mute yourself after you finish speaking. Consistent with House Resolution 965 and the accompanying regulations, staff will only mute members and witnesses as appropriate when they are not under recognition to eliminate background noise.

I see that we have a quorum.

And I will now recognize myself for opening remarks.

We meet today to discuss reporting that Russia put bounties on the heads of American and allied troops, Russian cash pouring into the Taliban's coffers in exchange for American lives. While we are going to steer clear of discussing any classified information in this hearing, I think I am on safe ground to say that these allegations and claims were never denied by the White House. Russia's actions, if true, are unacceptable. The American people are demanding answers and they are demanding accountability.

This hearing is also a reminder that America's longest war, now approaching nearly two decades of continued conflict, still

wages on in Afghanistan. Bringing the 9/11 terrorists to justice was an imperative, but few would argue today that U.S. national security interests are being served by this endless war.

Just this past week, a young soldier from my hometown of San Antonio died in a vehicle rollover accident, Vincent Sebastian Ibarria. He was 21 years old and dreamed of becoming a nurse after serving in the Army. I express my condolences to his family and to the more than 2,000 American families who lost a loved one during this conflict. We need to bring this endless war to a close.

Today, this committee looks to answer an important foreign policy question: why has Russia faced no consequences, not even a public rebuke, from the Trump administration? We invited Secretary Pompeo to testify today. He refused, which is what we have come to expect from this Secretary of State. While he makes plenty of time for interviews on Fox News and seems to relish bullying fact-based journalists from the State Department press room, he rarely, if ever, summons the courage to answer questions from his former colleagues in the House of Representatives, as every other Secretary of State before him has done.

Russia is not our friend. Vladimir Putin is not a partner of the United States. He is a dictator who just last week extended his tenure to 2036. He has robbed his people of their rights. He has trampled on the sovereignty of his neighbors. He has used the resources of the Russian government to undermine democracy, splinter NATO and the EU, and bolster other despots like Assad. His tools are disinformation, violent suppression, and assassination. All of that is contemptible enough, but putting a price on American heads is a serious escalation.

Exactly how the intelligence on this matter was presented to the President is still unclear. The Trump administration's excuses keep changing. Perhaps it was within his briefing, but that does not necessarily mean the briefers briefed him on it,

because it is widely known that President Trump does not read the Presidential Daily Briefing. Or maybe they did not brief him because the intelligence was, quote-unquote, ``disputed,' even though only intelligence that is of major significance makes it into the Presidential Daily Briefing. Per usual with President Trump, we are a long, long way from the buck stops here.

Even if the administration's explanations are true, it paints a picture of incompetence at the highest levels of our national security apparatus. But what troubles me the most from a foreign policy perspective is what this White House did and did not do once it received this information. Was there a public condemnation of Russia and Vladimir Putin from the Trump administration? Did the State and Treasury Departments slap sanctions on Russian officials involved in the plot? Did the Taliban, with whom we have been at war for nearly two decades, pay a price? What are the State and Defense Departments doing to protect our service members and how are they working with our NATO allies who are contributing to the Resolute Support Mission in Afghanistan with us to address this threat? None of that. As a matter of fact, this President kept doing what he has been doing since even before he was elected, cozying up to Vladimir Putin.

Since the United States reportedly obtained this intelligence, President Trump has released a joint statement with Vladimir Putin, directed the purchase of faulty Russian ventilators, and withdrew from the Open Skies Treaty, a critical part of monitoring Russian military activity. He also ordered the reduction of America's troop presence in Germany, an act that was met with bipartisan rebuke and criticism from our allies, but with praise from the Russians. He even wanted to expand the G-7 to include Russia again, which was expelled from the group in 2014 following Putin's illegal annexation of Crimea. It is almost as if President Trump is on a mission to make Russia great again.

This issue is also not without precedent. In 2011, the Obama Administration discovered that Pakistani intelligence officers urged Taliban-affiliated militants to attack the U.S. embassy and a NATO headquarters in Kabul. How did the Obama Administration respond? Secretary Clinton and the Chairman of the Joint Chiefs, Mike Mullen, confronted Pakistani officials and publicly shamed them for these actions, even though we were relying on Pakistan for certain access into Afghanistan. Admiral Mullen called the Haqqani Network a ``veritable arm of Pakistani's intelligence agency.'' White House officials stood up for Americans and the troops who were in harm's way.

The way this administration tries to distort reality and gaslight the American people is, frankly, a page right out of Vladimir Putin's playbook. But the facts are clear. The Trump administration failed in its most sacred duty, to keep Americans safe.

I hope that our witnesses can help us navigate all of this today and provide some ideas and insight about what our policy should look like under these circumstances. But, before I turn to the witnesses, I want to recognize Ranking Member Mike McCaul of Texas for his opening remarks.

Mr. McCaul. Thank you, Mr. Chairman. I hope everybody can hear me okay. Thank you for calling this important hearing.

As I have said time and time again--and I agree with the chairman that Vladimir Putin is not our friend, not a friend to the United States or our allies. In the past few years, we have witnessed his regime invade and occupy parts of Ukraine and Georgia, unleash devastating cyber attacks against our allies, use a banned nerve agent to try to kill a former Russian spy in the UK, prop up corrupt regimes in Syria and Venezuela. They meddled in our elections. They undermine American interests around the world. He has proven he just cannot be trusted and he certainly is not our friend.

And now, we are faced with widely reported allegations that a Russian military intelligence unit, the GRU, has paid

Taliban-linked militants to kill Americans and coalition forces in Afghanistan. While it is not news that Moscow has provided the Taliban with weapons and other support--and they have been there since 1979--now Russia paying bounties for the murder of American service members would be an unacceptable escalation. If true, the administration, in my judgment, must take swift and serious action to hold the Putin regime accountable, and that should include not inviting Russia to rejoin the G-7.

We have passed, Mr. Chairman, as you know, sanctions that the administration can enact today on these Russian entities. Ultimately, there is nothing more important than protecting our American troops serving overseas. I think we can all agree we must take any threat to their safety seriously, especially from someone with a track record like Putin.

I hope we use our time today to discuss how to more effectively deal with the dangerous autocrat in the Kremlin rather than descending into a partisan blame game. The only person who benefits from American infighting over this issue is Vladimir Putin. He loves chaos. And after last week's sham nationwide vote in Russia that allows Putin to remain in power through 2036, essentially, making him the emperor of Russia, it is even more critical for Americans to work together with our allies, especially through NATO, to counter Putin's nefarious activities around the world.

While the topic of this hearing will certainly center around Russia and Vladimir Putin, the backdrop is Afghanistan. I urge my colleagues to continue supporting our partners in Afghanistan to help bring peace and stability to their country.

My friend, Ambassador Rahmani, has devoted herself to helping secure that future for Afghanistan, and I want to take this opportunity to thank her for her unwavering dedication to that mission. And I think it is very commendable that Afghanistan appoint a female Ambassador to the United States, and I hope that she will be made a part of the negotiating team when they meet with the Taliban.

I would also like to note that I appreciate the White House quickly providing briefings on today's topic on both sides of the aisle, including myself, the chairman, and other members of the committee. And further, I know my colleagues want to get the full story. So, I would encourage them to read all the classified materials provided on this important matter to get the entire picture.

And so, finally, I would like to thank you, Mr. Chairman, and our witnesses for their testimony. And with that, I yield back.

Mr. Castro. Thank you, Ranking Member McCaul.

I am now going to introduce the witnesses who will testify to us.

Our first witness is Mr. Michael Morell, former Acting Director and Deputy Director of the Central Intelligence Agency. He is one of our Nation's leading national security professionals and has been at the center of the Nation's fight against terrorism. He has worked to prevent the proliferation of weapons of mass destruction and efforts to counter U.S. adversaries like Russia and China. He also was previously in charge of organizing the President's Daily Briefing under President George W. Bush.

Our next witness is Dr. Celeste Wallander, former Special Assistant to the President and Senior Director for Russia/Central Asia on the National Security Council. She is a leading expert on Russian foreign policy, security, defense, and military affairs, and is the current president and CEO of the U.S. Russia Foundation. Previously, Dr. Wallander also served as Deputy Assistant Secretary of Defense for Russia, Ukraine, and Eurasia at the Department of Defense, and was a professor at American University.

After her will be our witness General John Nicholson, a retired U.S. Army general and the former commander of the Afghan war effort, having led the 41-nation, NATO-led Resolute Support Mission and the United States Forces Afghanistan for

more than two and a half years. His total U.S. Army career spanned over 36 years, with more than 12 of those years being spent at various NATO commands. He also serves as an adjunct faculty member on leadership with Harvard University's John F. Kennedy School of Government, and is a member of Harvard's Belfer Center Elbe Group, which sustains Track 2 dialog between retired American and Russian senior officials for military and intelligence background.

And last, but not least, we have Mr. Ian Brzezinski, former Deputy Assistant Secretary of Defense for Europe and NATO and national security affairs staffer in the Senate. Mr. Brzezinski is a leading expert on Europe and NATO with more than three decades of experience and government service. He is a senior fellow at the Atlantic Council's Brent Scowcroft Center on Strategy and Security and the Council's Future Europe Initiative.

Thank you all for being here. I will now recognize each witness for 5 minutes. And without objection, your prepared written statements will be made part of the record.

Mr. Morell.

STATEMENT OF MICHAEL MORELL, FORMER ACTING DIRECTOR AND DEPUTY DIRECTOR, CENTRAL INTELLIGENCE AGENCY

Mr. Morell. Chairman Castro, Ranking Member McCaul, and members of this distinguished committee, good afternoon. It is an honor for me to be here with you today, and it is also an honor for me to testify alongside my distinguished panelists.

Chairman, for the sake of time, I am going to summarize the written testimony that I submitted to the committee. What I want to focus on is what I know, which is how the collection, dissemination, and analytic processes of the intelligence community work; how the PDB process works; how the policy process on something like this would have worked at senior levels of the Bush and the Obama Administrations in which I

spent much time in the Situation Room. So, with that in mind, I want to make eight points.

One, there is a misperception about who receives raw intelligence. Many assume that it only goes to intelligence community analysts who decide what to share, and in what context, with intelligence consumers. That perception is not accurate. Raw intelligence gets disseminated widely--to intelligence analysts, yes, but also to warfighters in the field and at the Pentagon, the policymakers at the State Department and the Defense Department, as well as to senior White House officials via the White House Situation Room. The important point here is that many people would have already seen the raw intelligence as the analysts were just beginning their work on it.

Two, a key question with regard to the raw intelligence is whether it was clear to a reader what might be happening--that is, what the Russians might be doing with these bounties--or if it was possible to only see that by connecting a number of dots. I do not know what the case was here. But, even if it was only vaguely clear from the raw intelligence that the Russians might be paying bounties for the killing of American soldiers, that information would have made its way to the highest levels of the U.S. Government, including the President, before the analysts concluded their work.

Three, the lead IC agencies in assessing the information would have been the Central Intelligence Agency, the Defense Intelligence Agency, and the National Counterterrorism Center, for reasons that I outlined in my written testimony. The analysts would assess the information and they would come to two separate judgments. One, whether or not they believed Moscow was offering the bounties, and if they believed that, No. 2, their level of confidence in that judgment--low, medium, or high.

Four, if the analysts believed at any level of confidence that the Russians were providing the bounties, that judgment

would be presented in the PDB. If the President does not read the PDB--and not all Presidents have--then it would have been briefed to him, if not by the President's briefer, then by the Director of National Intelligence or the Director of CIA, or even those senior administration officials who were aware of it, such as the National Security Advisor, the White House Chief of Staff, or the Vice President.

Five, contrary to what has been said by some, a dissent within the intelligence community on either the judgment itself or on the confidence level would not keep the piece out of the PDB. Rather, the dissent would be noted in the PDB piece.

Six, once the piece was in the PDB, the IC leadership on something of this significance would brief Congress as early as the same day as the piece ran in the PDB and certainly no later than the next day.

Seven, if the intelligence community assessed that the Russians were providing the bounties at any level of confidence, that would kick off a policy process inside the NSC staff on how the U.S. should respond. The analysts' level of confidence would make a difference to that process. A medium to high level of confidence would lead to a policy decision, I believe, on how to respond, while a low level of confidence would result in a decision that more intelligence was necessary before a policy decision could be made. I will leave it to General Nicholson to explain how the warfighters in Afghanistan would have reacted to the information and to the analysis at any level of confidence.

Eight, and finally, a medium-to-high-level confidence judgment that the Russians were offering the bounties would in every administration that I worked in--and I worked in six--have resulted in some sort of policy action designed to deter the Russians going forward. The safety of our troops would have required it.

Mr. Chairman, let me stop there, and I look forward to answering the committee's questions.

[The prepared statement of Mr. Morell follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Castro. Thank you, Mr. Morell.
I will now go to Dr. Wallander.

STATEMENT OF CELESTE WALLANDER FORMER SPECIAL ASSISTANT TO THE
PRESIDENT AND SENIOR DIRECTOR FOR RUSSIA/CENTRAL ASIA, NATIONAL
SECURITY COUNCIL

Dr. Wallander. Thank you. I thank the committee members for the invitation to contribute to your work. Today, I will summarize my written testimony, and for purposes of today's discussion, I will assume that the publicly reported details of the intelligence assessment are accurate.

These operations are embedded in a nearly decade-long Russian campaign of strategic competition that aims to weaken the United States and advance Russian power and influence. The Russian leadership recognizes that, while it is a peer to the United States in strategic nuclear capabilities, it does not match the United States in global power projection and in conventional military capabilities.

Russia seeks to compete where it has advantages in the asymmetric terrain and to avoid competition that could lead to its failure. Russia has invested in tools and methods to asymmetrically counter American advantages, whether those lie in extremist lies and social media, limited military interventions in Ukraine and Syria, cyber intrusions in networks and infrastructure abroad, or interfering in American and European politics.

Russia also deploys asymmetric tools to deny responsibility, however implausible that deniability has proven, in order to be able to operate with impunity and exploit ambiguities. This takes place in the phase zero end of

the conflict spectrum, the sub-military conflict strategic environment in which diplomatic, informational, political, and economic conditions shape a country's capacity to secure its interests, short of active military confrontation.

The concept is not unique to Russian security doctrine, but its centrality and asymmetric nature is distinctive in Russian doctrine and operations. Russian asymmetric phase zero operations are conducted not only by political, but also Russian military actors, primarily Russian military intelligence, the GRU, and quasi-private actors such as the Wagner Group.

The earliest stages of operations in Ukraine in March 2014, political protests, were managed by GRU agents. The Russian operation to influence the U.S. 2016 Presidential election was a classic phase zero shaping operation, a mix of friendly foreign (WikiLeaks); quasi-private (Internet Research Agency); non-military; (the FSB), and Russian military actors.

The asymmetric phase zero framework helps to explain why the GRU has surfaced in a number of operations in Europe, the U.S., and now in Afghanistan. Across all of these cases, GRU operations are ambitious and sloppy. It is unlikely that President Putin personally approves every GRU operation. Yet, the GRU continues to operate, despite being exposed. This means that there is no question that it operates with political cover and approval at the highest levels of the Russian leadership, which is, therefore, responsible for these operations.

Why would the Russian leadership allow the GRU to play such a dangerous game? Because Russia has for years successfully managed asymmetric operations to keep the competition in spheres where it has operational advantages. It has exploited implausible deniability to operate in the asymmetric phase zero spectrum with impunity. Russia is succeeding.

In this specific case, it may be that Russia assessed that the Taliban was insufficiently active in striking coalition forces and needed incentives in order to hasten U.S. failure

and withdrawal. It might be that Russia sought to complicate the U.S.-Taliban relationship. Whatever the strange reasoning may have been, this crosses a threshold. Russia is seeking to exploit implausibly deniable asymmetric operations now directly against U.S. military forces.

The Russian government has gotten away with its phase zero operations because we are not well equipped to compete in the asymmetric space, because we tend to view these operations as political, not security competition, and because we have all allowed the implausibly deniable to be denied and explained away.

The result has been a creeping escalation and exploitation of asymmetric operations that thwart effective U.S. response. Caution is warranted. The other end of the conflict spectrum is mutually assured destruction. But caution does not require paralysis. The United States should build defenses against these operations, it should disrupt these operations, and it should directly hold the Russian leadership accountable at the military, political, and top level of leadership. If we do not defend ourselves, if we do not disrupt these Russian operations, and we do not hold the Russian leadership accountable, it will continue and they may continue to escalate.

Thank you for your time, and I look forward to your questions.

[The prepared statement of Dr. Wallander follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Castro. Thank you, Dr. Wallander.

We will next go to General Nicholson. General.

STATEMENT OF GENERAL JOHN W. NICHOLSON (RETIRED), FORMER
COMMANDER OF U.S. FORCES--AFGHANISTAN AND NATO'S RESOLUTE
SUPPORT MISSION

General Nicholson. Thank you, Chairman, and thank you, Ranking Member, for the honor to appear before this committee. And it is also a pleasure to be alongside such distinguished colleagues. I will summarize some of the major points from my written submission.

History tells us that miscalculations and mistakes are what leads to war. And, of course, they are especially dangerous with respect to the United States and Russia because of our substantial nuclear arsenals. And if, indeed, they did this, this will be a serious miscalculation and a serious mistake.

As we know, there were periods of shared interest and some cooperation in Afghanistan. Up through 2012, logistical cooperation through the Northern Distribution Network was a positive aspect of our relationship with Russia. But, after 2014, that changed with the annexation of Crimea, the invasion of Ukraine, the threats to the eastern States of the NATO alliance. Within NATO where I was the Allied Land Commander at the time, we began drawing up defensive plans for the first time in the 25 years since the end of the cold war. When I moved from Turkey to Afghanistan in 2016, by that time, the Russians had intervened in Syria and, of course, we saw a major focus by the United States on ISIS and Syria.

But, at that time also, we saw a modest increase in capabilities by the Russians in Central Asia. And, of course, we discussed this up our chain of command and through intelligence and military channels. Myself, General Votel, General Scaparrotti, Secretary Mattis, all addressed this publicly. And let me go a little bit into that because it ties into what the other witnesses are referring to.

What we saw was a pattern that they had used in Crimea, Ukraine, the Baltics, and Syria of using military exercises as a way to move capabilities and people into an area and, then, leave some behind. This would desensitize us to their presence. It would generate options for them. And obviously, it would

reduce our warning times, should they choose to use these capabilities. This slow, gradual buildup, while we were focused primarily on Syria, was of concern enough to me as commander that we highlighted this and, eventually, called them out.

At this same time, they were arming and equipping and giving money to the Taliban. Now it was in modest quantities. It was not designed to be a game changer on the battlefield. For example, the Taliban wanted surface-to-air missiles; the Russians did not give them to them. So, I always concluded that their support to the Taliban was calibrated in some sense. But just because it was calibrated does not mean that it was not important and it did not cause us difficulties. In the northern part of Afghanistan, in particular, in Kunduz, this Russian assistance did help the Taliban to inflict higher casualties on the Afghan Security Forces and more hardship on the Afghan people.

Despite all of this, I was somewhat surprised to read the reports of Russian involvement in bounties because this is so risky and irresponsible that it would mark a departure from this previously calibrated approach. And, of course, the layers of complexity inside the Russian decisionmaking process and inside Afghanistan are baffling even to those who know these areas deeply. But, if this is validated, regardless of who made this decision and whether it was made in Moscow or made in the field, regardless of whether Russian leaders were complicit directly or they were merely incompetent in their failure to control operations, they are still responsible. It is also important to note that there were two sides of this transaction: the Russians offered and the Taliban accepted. And this is in direct contradiction to the spirit and the letter of the Afghan peace agreement.

So, if we assess that Russia put bounties on Americans and coalition members, then what should we do about it?

No. 1, we need to condemn this action from the highest levels of the U.S. Government and NATO, so that the Russians

understand it is unacceptable.

Two, with respect to Russia, we should suspend any troop withdrawals from Germany. These troop withdrawals play into Russian desires to undermine and weaken NATO. If carried out despite these bounties, this will be viewed as a sign of American weakness in the face of Russian threats.

Three, with respect to the Taliban, we should hold on our troop drawdown in Afghanistan at the present level until the Taliban have met the conditions that they agreed to in the peace agreement. We have delivered on our part by drawing down to 8600 ahead of schedule. The Taliban needs to deliver on theirs. And this includes severing ties with Al Qaeda, reentering Afghan peace negotiations, and a sustained reduction in violence.

Our long war in Afghanistan is only going to end at the peace table, and as leaders, we all have a moral responsibility to do everything in our power to protect our service members who are fighting for an enduring peace in Afghanistan and to deliver on the sacrifice of the Americans, the coalition members, and the Afghans who came before them.

Thank you very much, Mr. Chairman. I look forward to your questions.

[The prepared statement of General Nicholson follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Castro. Thank you, General.

Mr. Brzezinski.

I think you may be on mute. There you go.

STATEMENT OF IAN BRZEZINSKI, FORMER DEPUTY ASSISTANT SECRETARY
OF DEFENSE FOR EUROPE AND NATO, U.S. DEPARTMENT OF DEFENSE

Mr. Brzezinski. Mr. Chairman, can you hear me now?

Mr. Castro. Yes.

Mr. Brzezinski. Thank you.

Chairman Castro, Ranking Member McCaul, distinguished members of the committee, Americans are rightly outraged by reports of Russia placing bounties on U.S. military personnel in Afghanistan. These reports, as heinous as they are, underscore a broader challenge confronting the West: Russia's pattern of escalating aggressive international conduct.

Over the last decade and a half, Moscow has applied the full suite of Russian power to dominate its neighbors, create division in the West, and position Russia as a global power. The suite of tools has included military and paramilitary forces, economic and energy embargoes, assassination and political subterfuge, information and cyber warfare, separatist groups, and frozen conflicts. That campaign history includes a 2007 cyber attack on Estonia, the 2008 invasion of Georgia, the 2014 invasion of Ukraine, the 2016 coup attempt in Montenegro, assassinations in the United Kingdom, Germany, just last week in Austria, and elsewhere.

As the committee has documented, Russia has meddled not only in the elections of our allies, but even in our own elections. This willingness to directly attack the United States took a kinetic dimension in Syria in 2018. There, Russian paramilitary units attacked outposts known to be manned by U.S. Special Operations Forces. In light of all this, recent reports of Russia's bounties on American soldiers are disturbingly consistent with what has been a steady escalation of Russian international interference and aggression.

Now, over the past decade and a half of this, the West's response, including that of the United States, to Russia's assertiveness has consisted of limited incremental escalations of economic sanctions and military deployments, complemented by half-hearted and short-lived diplomatic isolation. This incrementalism conveys hesitancy and a lack of unity and determination on behalf of the United States and the Western alliance. It has failed to convince Putin to reverse course and

it may have actually emboldened him. Continued incrementalism not only promises continued confrontation with Russia, it increases the risk of conflict, both intentional and unintentional.

U.S. strategy regarding Putin's Russia needs to be calibrated to this reality. Properly calibrated engagement entails exploring avenues through which to modulate tension and foster collaboration. But it also requires more immediate and stronger measures to deter and counter Russian aggression and provocation. Toward those ends, U.S. strategy should include the following priorities:

First, we need to increase NATO's readiness for high-intensity conflict. Russia's military modernization efforts and its concentration of forces on its western frontier have increased the risk of conflict in Europe. This reality, of course, underscores the need for our NATO allies to continue increasing their military capability and readiness. But there is more the U.S. can and should do. We should transition the U.S. Armored Brigade Combat Team in Poland and related elements to a permanent presence. The U.S. should also permanently station in the Baltics a Special Forces contingent. President Trump should reconsider his decision to withdraw U.S. forces in Germany. Removing forces from Europe weakens our deterrent posture in Europe at a time when the threat from Russia is increasing. It signals a lack of commitment to European security that President Putin will surely relish.

Second, we need to more robustly support the transatlantic aspirations of Georgia and Ukraine. NATO enlargement expanded the zone of peace and security in Europe and strengthened the alliance's military capability. Both Ukraine and Georgia should be provided a clear path to NATO membership. Perpetuating their position in a zone of geopolitical ambiguity only animates Putin's appetite and sense of opportunity to reassert dominion over these two democracies.

Third, we need to more effectively counter Russia's

dissemination of false information. In this realm, the United States essentially disarmed itself when it closed the doors in 1999 of the United States Information Agency. This multibillion agency was our frontline force on the information front. Congress should reestablish or establish a modernized version of USIA, so that the United States can return to the offense in this dynamic and fast-paced dimension of international affairs.

Fourth, we should increase economic sanctions on Russia. Today's sanctions may impair the Russian economy, but if their intended outcome has been to deter Russian aggression, they have failed by that measure. Sanctions should be escalated from measures primarily aimed against specific Russian individuals and firms to more comprehensive sectoral sanctions against Russian financial and energy sectors.

Finally, we need to strengthen Western cohesion and unity. These aforementioned actions will only be fully effective if they are complemented by unity and purpose in action within the transatlantic community.

So, Mr. Chairman, Ranking Member McCaul, as you and the committee address the intelligence regarding Russian bounties, I urge you to also assess the effectiveness of U.S. policy in terms of deterring, countering, and containing the full spectrum of Moscow's malign ambitions and actions. When it comes to Russia, time is long overdue for an unequivocal U.S. policy.

Thank you, sir.

[The prepared statement of Mr. Brzezinski follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Castro. Thank you, Mr. Brzezinski, and thank you to all the witnesses for your testimonies.

I will now recognize members for 5 minutes each. And pursuant to House rules, all time yielded is for the purposes of questioning our witnesses. Because of the virtual format of

this hearing, I will recognize members by committee seniority, alternating between Democrats and Republicans. If you miss your turn, please let our staff know and we will come back to you. If you seek recognition, you must unmute your microphone and address the chair verbally. And as we start questioning, I will start by recognizing myself.

I want to ask a question of Mr. Morell first. In instances where the Russians paid to have American service members killed, and it appears from press accounts, at least some press accounts, that the Russian plot results in American deaths, in your experience as somebody who carried out the Presidential Daily Briefing, is this something that intelligent briefers would make the President aware of?

Mr. Morell. Yes, sir, without a doubt.

Mr. Castro. Is there anyone on the panel, based on your own expertise, who believes that the President would not have been made aware of this information? Anyone?

[No response.]

No one? Thank you.

In the event that the President's advisors really withheld such alarming intelligence from him, even as he made continuous concessions to Russia, who would ultimately be responsible for such process failures, mid-level career civil servants or administration leadership? And I ask that of anyone on the panel. If, for example, the intelligence was somehow not provided to him, then where does the failure lie?

Mr. Morell. Congressman, maybe I can jump in here, having been in the Oval Office every morning with President Bush for a year and, then, many times with President Obama. If the President's briefer did not raise something of such importance, then I believe it falls on whoever else is there from the intelligence community, the DNI or the Director of CIA. And barring their failure to raise such information, I think it falls on the responsibility of the National Security Advisor to make absolutely certain the President knows.

Mr. Castro. Okay.

Dr. Wallander. Could I add to Mike's point?

Mr. Castro. Sure.

Dr. Wallander. Which is that every morning in the Obama White House, among the duties of the senior directors was to read the PDBs in advance of the presentation of the PDB to the President by the briefers, and to provide for the National Security Advisor--in our case, Susan Rice--advice and context, because she would go in and be part of that briefing and be ready to make sure that, as Mike pointed out, the briefing had been received and correctly understood by the White House leadership.

Mr. Castro. Okay. And we have about 2 minutes left on my questioning.

Some of you in your remarks, your testimony, suggested different courses of action, different responses that the United States could take. I want to ask you this question: so far, as I mentioned in my remarks, there has been not even a public condemnation by the President or the White House against Russia for these reported actions. Let me ask you this--and we only have about a minute and 45 seconds--what is the cost of the United States not even saying a word to Russia about these reported actions?

Mr. Morell. Congressman, let me jump in here again. I did not make any recommendations about what steps the U.S. should take, but I think it is really important that we all recognize something about Vladimir Putin's personality. He is a risk-taker. And when he takes a risk and he succeeds in his mind, he is often willing to take even larger risks in the future. So, the failure for him to face any cost here I think significantly increases the chances of him doing something else to undermine the United States, possibly even larger than what we have seen in this case.

Mr. Brzezinski. Mr. Chairman?

Mr. Castro. Yes, Mr. Brzezinski?

Mr. Brzezinski. Allow me to complement Director Morell's point. When we do push back on Putin and push back firmly, he does respond. He is ultimately a pragmatist. And as Dr. Wallander pointed out, he picks his battles carefully.

When looking back to Russia's invasion on Georgia in 2008, the turning point of that conflict occurred when the United States demonstrated some military muscle. The United States flew back Georgian soldiers to their capital, Tbilisi via a military cargo plane right in the middle of that conflict, demonstrating, readiness to take sacrifices, basically Putin with the risk of a direct military confrontation with the United States. And that was basically the turning point of that invasion. That action convinced Putin to end that invasion.

So, if we are more forceful, if we are more firm, we do have very good prospects of actually restraining Putin's actions and ambitions.

Mr. Castro. Thank you, Mr. Brzezinski.

And I am going to keep myself on time on the questioning. So, I will go over to Ranking Member Mike McCaul.

Mr. McCaul. Thank you, Mr. Chairman.

Let me just, without commenting on the specifics of the intelligence, there was a very strong dissent. The briefer was a career intelligence officer that made this decision not to brief. And I guess the question is whether it is actionable intelligence.

Having said that, I think the nature of this intelligence being targeted at U.S. troops would be a significant departure for Russia in its dealings with the Taliban. Now I personally think that the President deserved to at least know about this. I think, if true--and I know that the intelligence community is going back and doing a deep dive--I do think Russia should be condemned and the GRU should be sanctioned, as we have authorized by Congress.

My first question is to General Nicholson. You have been in Afghanistan for quite some time. And let me say, all the

panelists are very, very impressive with your testimony. I think this calls into question the good faith of the Taliban. I do think, though, since the peace plan has been entered into, there have been no Americans targeted, although they are targeting Afghan nationals.

Can you tell me, No. 1, how significant of a departure this would be? Because we know they are arming and giving cash to the Taliban to kill ISIS, but this would be a different policy change to target American troops. And second, does it call into question the good-faith negotiating of the Taliban?

General Nicholson. Thank you, Ranking Member McCaul.

I do think it calls into question the good faith of the Taliban. There are two parts to this transaction, again, if validated. But we do know that the Russians have provided small arms, ammunition, money to the Taliban, and have been doing it for some time. And frankly, the ability to direct that and control it, and where it is used and where it is not used, is extremely limited. Once it is turned over to them, they will use it as they see fit.

And I have no doubt that some of that was used in the northern part of Afghanistan against Afghan units with American advisors, especially in the Kunduz area. And so, I think that, in this sense, now specifically offering bounties is a small step from what they were already doing. Their justification for this action was the fight against ISIS, but part of this was, as the other witnesses have mentioned, a false narrative and misinformation on the part of Russia that the United States was supporting ISIS.

So, I think that this does call into question the Taliban's commitment to the agreement. As I mentioned in my statement, they need to sever ties with Al Qaeda; there should be a sustained reduction in violence, and they need to begin the peace talks that they are committed to do on----

Mr. McCaul. If I could reclaim my limited time, I note that Ambassador Rahmani, Afghanistan, our Special Envoy, they are

having discussions this week about a humanitarian cease-fire. My concern is all the good work that you have done over there, if the Taliban overruns Afghanistan and takes over, then we have a safe haven for many years to come.

How do you view the peace plan moving forward? I always believe, whether it is Syria or Iraq, we need a residual force, if anything, to protect the homeland. What are your thoughts on force reduction?

General Nicholson. I think that this level of 8600, we should hold there until the Taliban delivers on their portion of the peace agreement and we move to the next stage. So, I do think that is important. I do think there is a threat from the region in terms of the multitude of terrorist groups that are over there. We have over 20 designated groups, U.S.-designated groups, in the region. And I think that, with the government in Afghanistan, we should consider, if they ask us to stay and request our help to keep pressure on these groups, it is definitely something we should consider.

Mr. McCaul. I can tell you from the Ambassador they do.

Let me ask real quickly, Secretary Brzezinski, the President's decision in Germany, I sent a letter with Adam Kinzinger saying this sends a bad message to NATO forces, to Putin, CENTCOM, AFRICOM. However, if they move some of these forces as they talked about, the National Security Advisor, to Poland and the Baltic nations, describe to me how that would work, and would that be an even better strategy?

Mr. Brzezinski. It would be better than pulling the forces back from Germany to the United States. But I do not think we ought to be punishing Germany to the benefit of Poland. We need a robust presence in Poland and we have one now, which I think is an appropriate level. I would make it more permanent. But that is a frontline presence. You want your rearguard, your rear echelons, to also be robust. We need a robust presence in Germany, so not only we can reinforce the Baltics, we can also reinforce southern Europe. And then, of course, we need a

robust presence in Germany if we want to have a robust military relationship with the Germans and other militaries of the NATO alliance.

So, this decision by the President is undercutting not only our relationship with Germany, it is undercutting our operational efficiency to reinforce our frontline forces in Poland and frontline operations in the Baltics. So, this is a potential, if it gets executed, a real setback, a weakening of our deterrent posture in Europe.

Mr. McCaul. I have talked to the Ambassadors in the Baltic States and Poland, and they would, obviously, very much welcome our presence there.

And I know, Mr. Chairman, my time has expired. You have been very generous.

I want to thank the witnesses for their testimony.

Mr. Castro. Thank you, Ranking Member McCaul.

We will go to Congressman Brad Sherman.

Mr. Sherman. Thank you.

I want to thank our witnesses for coming before us, but the loudest testimony is being given by the witness who did not show up. Secretary Pompeo was invited and strongly urged to come before us, and his refusal to do so shouts loudly that the process for decisionmaking on foreign policy and the outcome of the decisionmaking in this White House is indefensible.

We have a situation where Russia attacks Georgia, the Ukraine, interferes in Syria, interferes in elections in the United States, interferes in Montenegro, occupies eastern Ukraine and the Crimea, and according to Secretary Pompeo, when he speaks, but, of course, not to our committee, has been arming the Taliban for years. So, we have all those facts; plus, good reason to believe that they are providing bounty on our soldiers. And the response from the White House is, let's invite them to the G-8.

There has been another response, recently a Department of Treasury decision, basically--and I will get to this later--

that they should have prevented Americans from buying Russian sovereign debt, and they went as light on that as they possibly could under the law.

General Nicholson, in March 2018, you said that you have had weapons brought into your headquarters that you know were given to the Taliban by the Russians. As recently as last week, Russia claims it only supplies weapons to, quote, ``legitimate government of Afghanistan.'' For how long, and in what quantity, or what estimated quantity, have the Russians provided weapons to the Taliban?

General Nicholson. Thank you for the question, sir.

We believe there was a modest amount of support. It was designed to gain influence with the Taliban. And to be fair, our intentions were uncertain at that point. When would the U.S. withdraw? When would NATO withdraw? What would be left behind? There would be instability in the region. So, we saw this as an attempt by the Russians to gain influence with the Taliban as part of potentially a post-withdrawal scenario.

However, that should not be misconstrued. These weapons made a difference on the battlefield. They weren't game-changing in a sense, but they did make a difference and they did help inflict higher casualties, and against units that had U.S. advisors.

Mr. Sherman. So, we know that Americans have died as a result of Russia providing those weapons. They have just now, apparently, added the additional obscenity of not just giving the weapons to people who want to kill us, but giving them extra money if they actually do.

I would like to focus on Russian sovereign debt and other targeted sanctions. Under existing statute, the Secretary of the Treasury was supposed to choose from a menu of sanctions for other Russian wrongdoing dealing with their sovereign debt. If we completely shut off American involvement in their sovereign debt, we could probably drive up their borrowing cost by half a percentage point. But the Secretary of the Treasury,

in the midst of all this, decided to say, well, it is fine for Americans to buy this debt in the secondary market and to buy the debt directly from State-owned enterprises.

Would a ban on any American involvement in Russian sovereign debt be the kind of pain that Putin would feel, and what other economic sanctions do you think are appropriate? I will ask whichever witness wants to respond.

Dr. Wallander. I can take that one, sir. One of the most important targets to impose costs on political decisionmakers in Russia is, indeed, the financial sector in general, and sovereign debt is certainly part of the menu where you could increase those costs.

I think that, as an instrument of overall U.S. policy, or U.S. policy up to this instance, that is constructive and smart. I would say, in this instance, though, I would target sanctions in two areas. One, more on the security services, on defense sales, on the kinds of money that Russia makes from sales of defense capabilities abroad, and on financing that supports many of these asymmetric operations; that would target it more directly on those who are responsible for these decisions.

Mr. Sherman. If I could interrupt you, obviously, we would like to prevent Russia from selling weapons to India, Turkey, and others, but that is not something we have the sovereign right to do. And as long as the Russian government can borrow money, the fact that particular military complexes cannot borrow the money is fairly irrelevant, in that the money is fungible. Once you lend it to the Russian sovereign, they can certainly lend it or invest it in military operations.

I will point out that we had an amendment in last year's NDAA, which I wrote, to prohibit U.S. purchase of sovereign debt of Russia and its enterprises until they could go a full election cycle without interfering in our elections. That passed the House, but, of course, was stripped out by the Senate. I am hoping that Senators realize that now is the time

to impose some real sanctions on Russia for all of its behaviors, and beginning with this bounty.

And I yield back.

Mr. Castro. Thank you.

All right. Mr. Chabot of Ohio.

Mr. Chabot. Thank you very much. I appreciate it.

First of all, there ought to be no question in anybody's mind that Russia and Putin, in particular, are no friend of the United States, and anybody who thinks otherwise is on the wrong path and does not know what they are thinking about or talking about, or anything else. They are not our friend.

General Nicholson, let me go to you with the first question. The reason we went to Afghanistan in the first place was to root out terrorists there and to ensure that they could never use that country to stage attacks against the United States again. Could you give us your current assessment of the strength of the Taliban-Al Qaeda ties, the relationship currently? And then, is there any reason to believe that the Taliban would ever, or will ever, live up to any commitments that they might make?

General Nicholson. Thank you for the question, sir.

And I have to caveat this by saying I do not have access to the classified intelligence that I did when I was commander in the time since I have left. However, you have hit the nail on the head. This is why we went there, the idea that it would never be used as a launching pad for attacks against the U.S. That has not happened. So, we have been successful in that sense.

But I am concerned that they have not renounced their ties to Al Qaeda. This is one of the conditions in the agreement. And not only a public renunciation, but a real severing of ties with Al Qaeda. And this was the original reason that brought us there, and, of course, this condition has to be met to have an enduring peace that secures our interests.

Mr. Chabot. Thank you very much.

Mr. Brzezinski, I will go to you next, if I can. What does Russia hope to achieve in Afghanistan, especially with respect to us? It would seem that, if they want us to leave, that they should be working to stabilize the country and decrease, not increase, U.S. deaths. Could you talk about Russia's goals, their security interests in Afghanistan currently?

Mr. Brzezinski. Thank you, sir. Can you hear me?

Mr. Chabot. Yes, I can hear you fine.

Mr. Brzezinski. Great.

I think Russian objectives in Afghanistan are the following:

One, there is a bit of a revenge component because, particularly when it comes to the team led by President Putin in Moscow, they are bitter over the Soviet loss in that country that they see was catalyzed by U.S. support to the mujahideen at that time.

Second, I think they want to impose pain to help tie us down, to impose cost, to psychologically break our mental fortitude as an international actor.

And then, three, ultimately, they would like to see us leave, and leave in a way that enables them to develop a relationship with whatever regime or government that would succeed in Afghanistan, so they can establish a relationship to further their influence in that region.

So, three things: revenge, imposing pain; and tying us down, and, ultimately, getting us out, so that they can enhance their influence over the region.

Mr. Chabot. Thank you.

Mr. Brzezinski, I will stick with you, if I can. It seems like we have been playing defense vis-a-vis the Russians, and the Chinese, for that matter, relative to disinformation and propaganda for way too long, for some time. What would you suggest in terms of a more proactive U.S. policy in this area? And, of course, we are not interested in propaganda. We are interested in getting the truth out there. But how can the U.S.

do a better job vis-a-vis both Russia and the Chinese in that sphere?

Mr. Brzezinski. Information operations have been long a part of U.S. policy. It was our effective management of information operations and engagement, so to speak, public diplomacy, in the cold war that was probably one of the keys to our success. We won economically, we won militarily, but we also won in the information engagement sphere, the public diplomacy sphere.

The cornerstone, the driver of that dimension of our strategy was the United States Information Agency, an agency that we shut down in 1999, at the time when it had, roughly, a \$2 to \$3 billion budget. And at the high point, the USIA I think had over 10,000 people working to get the U.S. perspective out, working to deepen ties, working to support dissidents around the world.

When we shut down the USIA in 1999, we basically disarmed ourselves in the information space and have never really kind of been able to recover from that. So, that is why I believe we ought to reanimate this institution, give it Cabinet-level rank, bring back its bureaucracy, to use that terrible word, and enable us to get back into the game of information operations on the offensive. That is going to be critical because right now we have handicapped ourselves.

Mr. Chabot. Thank you. My time has expired, Mr. Chairman.

Mr. Castro. Thank you, Mr. Chabot.

Gregory Meeks of New York.

Mr. Meeks. Thank you, Mr. Chairman.

Former Secretary of State George Schultz, I am told, would ask outgoing Ambassadors, he would take them to the side and point to the map and ask them, ``Where is your country?'' And naturally, these outgoing Ambassadors would point to their new host countries. And here, Secretary Schultz would correct them and tell them their country is the United States of America.

So, I am often confounded by the President's actions that

directly undermine the interest and security of the American people. This latest intelligence revelation is an alarming pattern by this President. The fact that the Secretary of State Pompeo is not testifying today is yet another alarming pattern of this administration. Congress has an oversight responsibility and duty, and the Secretary of State should be here to answer our questions. And I am glad that our esteemed witnesses are here today.

But it is unfathomable to me that the Russian government continues to be unchecked as it engages in a systemic and aggressive policy to undermine, dismantle, and disrupt American alliances, threaten our democracy, and allegedly go after our troops. Time and time again, this committee asks, where is the President's loyalty and why does he fail to act? It is outrageous to me that we ask our service men and women to put their lives in danger for our peace and security, and yet, the administration won't believe a credible piece of intelligence putting bounties on their heads.

How was Congress never briefed until the claim was relayed to the press, at great risk to whistleblowers? This failure to act, this unwillingness to brief this committee and others, reflects a continued antagonism and disdain for this body as a coequal branch of government.

The Russian government continues to operate adversarially, and the President continues to show deference to Putin. By the administration's actions and inactions, it is unclear to me how President Trump would answer Secretary Schultz' question today, ``Where is your country?''

Let me ask, and I think that I want to ask General Nicholson, Mr. Morell referenced that warfighters often also have access to raw intelligence. Can you describe in your experience how you and warfighters at the tactical level would have handled and acted upon raw intelligence that suggested Russia had put bounties on American troops?

General Nicholson. Thank you, sir.

Yes, we do have access to that intelligence, and there is a vigorous dialog that goes on at all levels, between commanders, intel officers at different agencies. Multiple times, if I had a question, I would call back to Washington, talk to the heads of the various agencies, and we would compare our perceptions and fill in the blanks. And so, this dialog, very active, is extremely important, and it helped inform me as a commander in the field, so that I could make the best decisions to accomplish the mission and protect my troops.

For example, if there were a threat out there that was identified, even if it was raw intelligence, then you would see commanders in the field, warfighters, take immediate steps to protect their service members, regardless of kind of the validation. Typically, the default would be to act on that intelligence, especially with protective measures. Now, before you might go offensively, you would want more precise, actionable intelligence.

The other thing we would do is immediately elevate it and let people know. So, in the case of the Russian army and funding that went to the Taliban in 2018, one of the ways that we acted on this was to go public. And I did an interview with the British Broadcasting Company in which we talked about what the Russians were doing, the fact that Governors of northern provinces had brought me weapons and said, ``These came from Russia,'' were given by the Russians to the Taliban.

Getting it into the public domain elicits a response. It may just be a denial, but you have got it on the radar screen. They know they are being watched and they know you are pushing back. And so, these kinds of actions are extremely important.

Now, of course, the higher up you go, the more powerful the response is. And so, this is why in my opening comments I said pushing back on this kind of behavior at the highest levels is extremely important.

And so, thank you for holding this hearing, because this is one of the ways we make the Russians aware that we are

watching.

Mr. Meeks. I couldn't agree with you more. I see I have only got a few seconds. I wish at the highest level our President of the United States would push back on this Russian aggression, and particularly in regards to the bounties that may have been put on the heads of our men and women in the service.

And I see I am out of time. So, I yield back, Mr. Chair.

Mr. Castro. Thank you, Mr. Meeks.

We will go to Mr. Perry of Pennsylvania.

Mr. Perry. Thank you, Mr. Chairman, and thank you for the witnesses.

I will start out with Mr. Morell. Mr. Morell, have you seen the intelligence regarding the bounty story?

Mr. Morell. No, sir.

Mr. Perry. Okay. How about Mr. Nicholson? Have you seen the intelligence?

General Nicholson. No, sir, I have not.

Mr. Perry. Okay. Thank you.

How about Dr. Wallander? Have you seen the intelligence regarding the statements?

Dr. Wallander. No, sir, I have not.

Mr. Perry. Dr. Wallander, in particular, as I read here from your notes, you have assumed that the published stories are true, is that—I do not want to put words in your mouth, but that is what my notes show me. Is that correct or incorrect?

Dr. Wallander. I said that, for the purposes of this hearing, to be able to address and explain what Russia is up to in general, that I would assume that they were true. I would not address the falsity or truths of the public reports.

Mr. Perry. I mean, I understand for the purposes of the hearing, but you understand there is a bigger story here, and just making the presumption or assumption that they are true (a) not having seen any of the intelligence personally, and (b)

understanding that the GRU is, as I am sure you all know, is daily engaged in misinformation; and finally, as you probably know, this is based on very specious reports of human intelligence by individuals that have a motive to provide misinformation to the United States. I just think that that is breathtakingly irresponsible.

But, that having been said, do you think it is appropriate, based on this conjecture, based on just reports from The New York Times that are based on yet even more specious human intelligence by people that aren't very friendly to the United States of America, that this President take action against a strategic adversary? Do any of you think that that would be appropriate?

Dr. Wallander. Thank you, sir, for your question. To answer it, I would say that, if this were reported in a PDB, that it is certainly appropriate for the leadership of the U.S. Government to decide on a messaging strategy, which is short of what you asked about a broader action strategy. Certainly, a messaging strategy. I would personally start with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff speaking to their counterparts. Because if the reports are true, the GRU reports to the Russian Minister of Defense. So, I hope that addresses your question. I think that would be the first step. You are absolutely right, actual action would not be warranted based on this sort of report.

Mr. Perry. Right. I mean, where does, in your mind--and, ladies and gentlemen, the three that I have asked the questions of--where does verification of the intelligence lie in relation to the timeline of when you either take actions or make statements? Where does verification of intelligence lie? Is it as soon as you hear the report, the rumor, the supposition, the claim? Is action required then? Or does verification fall anywhere inside, in between, the time you hear it and the time you take action or make statements?

Mr. Morell. Congressman, maybe I can answer that question.

I think that an administration is required to take action-- whatever that action is is obviously part of the policy process--but is required to take action when the intelligence community judges with medium to high confidence that something has happened. And that is why, for me, knowing what that level of confidence is on this judgment is so very important. Because I think if it is low----

Mr. Perry. Are you saying, Mr. Morell, are you saying that you have information that you can verify or justify that we had medium to high confidence that this is true, this story is true?

Mr. Morell. No, sir. No, sir. The point I am trying to make is, I do not know what the level of confidence was. But if it was low, then I would be perfectly comfortable with senior policymakers going back to the intelligence community and saying, ``We need more information. We need to take a harder look at this. You have got to collect more and figure out whether this is right or not.''

Mr. Perry. Well, I would agree with you. I would agree with you, Mr. Morell. And before the President or anyone takes actions, I think it is important to verify that. I am just going to quote the chairman of the committee on the death of Soleimani where he said, ``The decision to kill Soleimani escalated tensions with Iran and risked plunging us into war.''

And I remind everybody on the panel that Soleimani is a target that we had complete and verified intelligence on for many, many years of the deaths of thousands of American service members and maiming of thousands of others of my friends who served in uniform. And the criticism was robust for the President regarding that decision where there was verified, actionable intelligence over a long period of time, and there is none----

Mr. Castro. The gentleman's time is up.

Mr. Perry [continuing]. There is none with this.

And with that, I yield back. Thank you, Mr. Chairman.

Mr. Morell. Mr. Chairman, may I just add one point?

Mr. Castro. Sure, please.

Mr. Morell. So, I do not want to leave anyone with the impression that I know that the confidence level was low or the confidence level was medium or the confidence level was high. So, I think that is just very important. If it was medium to high, then I think that required action on the part of the President.

Mr. Castro. Thank you.

We will now go to Albio Sires of New Jersey. I think you are on mute there. There you go.

Mr. Sires. Yes, I do not have any questions at this moment. I am just listening. Thank you.

Mr. Castro. Okay. We will go to Mr. Kinzinger of Illinois.

Mr. Kinzinger. All right. Thank you. Let me get on the video here. There we go.

First off, thank you all for being here. I very much appreciate it, all your good work, everything you are doing for the country. This is a really important issue.

I need to say a couple of things upfront. First off, I think it is too much to call this a hoax. Second, though, I think it is too much to say that we absolutely know this happened, and therefore, here should be the penalties. I have read every piece of intelligence, at least offered to me, and in terms of what level of confidence, that is not my expertise; that is up to the intelligence agencies.

And I think the question of whether the President should or shouldn't be briefed, it is really, in my mind, an art and not a science. It is a matter, when do you feel, whether it is the brief or the intelligence experts, that you should brief a President on this? If it is not actionable, is it worth going to him? Well, if I was President, I would want to know, but not every President would or should.

So, I think a lot of the so-called scandal that we have been seeing here is not a scandal at all. I think it is just an

art form. And unfortunately, look, this goes to--the prior questioner, Mr. Perry, mentioned about Soleimani. That was a confirmed bad guy that took confirmed action that killed Americans. I operated against him in Iraq, or against his people at least. And there was opposition to that.

And I think with something like this it comes down to political stripes, unfortunately. If you are a Republican, you are going to say this was nothing. If you are a Democrat, you are going to say this is everything. And I just want to get to the bottom of this, because when we jump to conclusions, I do not think we are doing any good for our folks in the field.

But it seems to me that the only thing that Putin responds to is strength. Whenever Putin attempts a new maneuver, he waits to see the international community's response, and particularly the United States. And when nothing happens, he escalates. We have seen it time and again. We have seen it, for instance, in Syria multiple times and everywhere else.

As I have said before, if the intelligence proved that the Russian officials approved of this bounty scheme, the United States and our international partners would need to respond forcefully. But had the administration responded back in February when the intelligence was even less certain, I fully believe my colleagues on the other side of the aisle would be holding a hearing bashing the administration on this.

Mr. Morell, let me just ask you, during your time as CIA Director, would you have recommended--you touched on it--but would you have recommended retaliatory actions against Russia with anything other than high probability? You talked using maybe medium probability. But, when you are discussing the fact that this is Russia, would you on a medium or anything short of high probability?

Mr. Morell. Yes, I would--so high probability, high confidence to an intelligence analyst is not certainty that something has happened, but you are getting pretty close. Medium to high confidence is pretty good as well.

So, CIA Directors do not make recommendations to Presidents about what they should do. They characterize the intelligence and our confidence in it. So, if it was medium to high, I would tell the President that there is a very good chance that this happened and it is up to you on how you want to respond.

Mr. Kinzinger. Yes, I think this is the key to this. We know that Russia has been meddling in Afghanistan. That is not a question. And I actually would have advocated for action, whatever that looks like, back in 2013 or 2014. It is a bipartisan issue, right? I mean it really is. The issue we are discussing is, was there particularly a bounty, not is Russia involved, not is Russia doing things that could kill Americans, because they have been. And I have been advocating to push back against that for a long time.

Mr. Brzezinski, let me ask you, what other States are supportive of the Taliban and have any of them placed bounties on the U.S. or coalition soldiers?

Mr. Brzezinski. Sir, let me just add one point on the bounty issue. The fact that it is plausible that these bounties were placed on American soldiers in Afghanistan by Russia is testimony in itself that our policy toward Russia is inadequate in terms of deterring aggression. And so, I want to make that important point. The fact that we are even saying this----

Mr. Kinzinger. Fully agree.

Mr. Brzezinski [continuing]. Underscores the point that we need to recalibrate our posture toward Russia across the whole spectrum.

Mr. Kinzinger. Let me just say I fully agree with you 100 percent and I would echo those comments. But, then, specifically, are there any other States that are doing things like this that we know about?

Mr. Brzezinski. I do not have statistics on that, sir.

Mr. Kinzinger. Okay. So, you do not know if Iran or anything is involved in the same kind of situation? Okay.

Let me ask just another question of General Nicholson.

During your time commanding U.S.-----

Mr. Castro. Your time has expired.

Mr. Kinzinger. I'm sorry?

Mr. Castro. Your time has expired. Do you have a quick question?

Mr. Kinzinger. Oh, I'm sorry, I did not see a clock up there. I will yield back. Thank you.

Mr. Castro. Okay. Thank you.

We will go to Mr. Connolly of Virginia.

Mr. Connolly. Thank you. Can you hear me, Mr. Chairman?

Mr. Castro. Yes, I can hear you.

Mr. Connolly. Thank you.

And thank you to the panel.

Mr. Morell, on June 30th, the National Security Advisor, Mr. O'Brien, and the White House Press Secretary, Ms. McEnany, said the President had not been briefed on this intelligence due to disagreements among the intelligence community. Is that how intelligence shifts up to the President, that it has got to be in agreement or he does not hear about it?

Mr. Morell. Yes, sir, there are often pieces in the President's Daily Brief where one or two or three agencies believe something and another agency has questions about it. And those dissents are expressed in the piece. The reason for the dissents are expressed in the piece, and the reason why those dissents are important to the President are often expressed in the piece. So, they do not need a unanimous view to move forward.

Mr. Connolly. So, the explanation they gave does not really pass any kind of real test, based on your own experience?

Mr. Morell. Yes, sir.

Mr. Connolly. That is not how it works?

Mr. Morell. That is not how it works, sir.

Mr. Connolly. Right. So, there is reason to question the credibility coming out of the White House as to whether the President, in fact, got briefed. We know that the President

does not like to read things, but that does not mean that it was not available to him. And it is not clear, from my understanding, that he was not briefed. Certainly, the rationale given for why he was not briefed, as you just pointed out, Mr. Morell, does not have credibility. It is just not how the process works.

But I would just say, even from a common-sense point of view, if I were an intelligence person and I saw any kind of intelligence that seemed halfway credible that the Russians had ramped up what they were doing in Afghanistan and were now paying a bounty on American lives to kill them, I am sure as hell I would want to make sure the Commander in Chief knew about that. I would take the risk that he know about that, whether it was small, medium, or high credible, actionable intelligence.

Mr. Brzezinski, I really appreciate what you had to say about Russia. The word that comes to my mind, because Dr. Wallander just said we have to ask the question why would Russia do this, I think that is the pertinent question. And for me--and I want you to react--you said Putin is a risk-taker. I would also say he loves to push, probe, and expand boundaries. He is always checking what the boundaries are.

And when you have a President who says, ``I believe Putin over my own intelligence community about Russian interference in the 2016 election,' ' ``I am willing to pull out 8,000 troops from Germany because I am angry at Merkel for not coming to the G7 meeting,' ' ``In fact, I want to invite Putin to that G7 meeting,' ' and, of course, having withdrawn from critical arms control agreements, and the like, and now calling this intelligence a hoax, it seems to me that, if I were Putin, I would tally all that up and say, ``I can operate with impunity with this administration. There are going to be very few consequences for pushing that envelope as far as I can push it.' ' Do you think that is a fair appraisal of where we are in the current relationship with Vladimir Putin's Russia?

Mr. Brzezinski. Sir, I am on track with you on this. I would just characterize Putin not so much as a risk-taker, but someone who has got very clear objectives, is willing to assertively pursue those objectives, but who is also a pragmatist. As Celeste pointed out, as Dr. Wallander pointed out, he picks his battles carefully. And as you pointed out, he will probe, and if he does not see pushback, he will push further. If he sees forcibly pushback, he will back off.

And that is what is a concern about this immediate issue at hand, which is the bounties issues. Now that it is out in the public domain, now that it is an issue that has gotten the attention it has, it is now incumbent upon the administration to clearly articulate to the Russians this is completely unacceptable.

Mr. Connolly. Yes, and I would----

Mr. Brzezinski. We need a forceful response, at least rhetorically. And as for more specific elements of a more aggressive or substantive response, that has to be determined based on the intelligence.

Mr. Connolly. And I would add to what you just said, Mr. Brzezinski, conversely, there are consequences for not doing what you just said. When Putin hears equivocation and, well, we did not know and it is not clear, and we did not have actionable intelligence such that we could react at all, I think that gives him a flashing green light to do more of it and to look at other areas where he can do damage to the United States. And I think that is a very dangerous situation our President and this administration have put themselves in.

With that, I yield back, Mr. Chairman.

Mr. Castro. Thank you.

We will go to Mr. Zeldin of New York. We cannot hear your audio there, Mr. Zeldin. For some reason, I am not hearing you. Can we come back to you? Okay.

What I am going to do is go to the next Republican, and then, go to a Democrat. All right? So, Mr. Mast of Florida. Mr.

Mast, are you there?

[No response.]

Okay. Will the administrator tell me who the next Republican is that we can call on?

Ms. Stiles. Mr. Fitzpatrick.

Mr. Castro. Mr. Fitzpatrick? Okay.

Mr. Fitzpatrick. Can you hear me?

Mr. Castro. Yes, Mr. Fitzpatrick.

Mr. Fitzpatrick. Okay. Thank you. Thank you, Mr. Chairman, Mr. Ranking Member.

Thank you to the panelists.

And just to echo what my friend Adam Kinzinger had said, I hope that our focus can be on, No. 1, fixing the problem, getting our arms around this intelligence and fixing it. And we always can have time to go back and do an after-action report on what did or did not happen after the fact, after we fix the problem.

So, for the panelists, thank you for being here.

And I just wanted to get your updated sense. I served in Ukraine as an FBI agent. That was my last international assignment. And we were, obviously, very well aware of Mr. Putin's sinister motives when it comes to that region. We all knew that Mr. Putin has geographic dominance aspirations to reconstitute the USSR. Iran has religious dominance aspirations. China has economic dominance aspirations. And in many ways, they were operating--in some ways, I should say--in collaboration with one another.

So, if the panelists could just shed light and maybe provide us with an update on your assessment or your sense for the collaboration going on between Vladimir Putin and Syria, Iran, China, North Korea, and any other actors in the region?

Dr. Wallander. I can speak to that, sir. Russia and Iran collaborate militarily in Syria and have for years. The Russian military is not a ground presence in Syria and it relies on, as I suggested earlier, quasi-private military mercenary groups

and, also, coordination with other actors, including Iran, in Syria.

Russia strategically coordinates with China in areas where they have common interests in challenging American leadership, whether that is in the U.N. Security Council in trying to prevent U.N. Security Council resolutions, for example, condemning the Assad regime in Syria or many others. They share an interest in trying to revise the global liberal order in order to undermine American leadership.

So, you can find instances in which Russia cooperates with countries in areas that really affect in a negative way American leadership and American allies and our interests.

Mr. Fitzpatrick. Do any of the other panelists have anything to add to that?

[No response.]

Okay. I yield back, Mr. Chairman.

Mr. Castro. Thank you.

Mr. Deutch of Florida.

Mr. Deutch. Thank you, Mr. Chairman, and to the ranking member. Thanks for holding this hearing.

And thanks to the extraordinary testimony of our witnesses.

Mr. Morell, I am going to ask you about the reports that there was information in the President's Daily Briefing that the Russians were putting a bounty on the heads of American troops. And we have heard lots of reasons why there was no reason the President should have been concerned about this, should have wanted to be concerned about this. But I just want to ask you, I want to take a step back and have you explain how the President's Daily Brief is assembled. Can you do that for us?

Mr. Morell. Yes, sir. So, there is a meeting every morning with the briefers there who just briefed that morning and they provide their feedback on what happened. The most important part of that feedback, are there any additional questions that customers need answers to that would result in a piece the next

day? And then, the various parts of the intelligence community propose pieces for the next day and the out days and decisions are made about what is going to be in the book the next day and what is going to be in the book the day after that.

Once those pieces are drafted and approved within the agency that writes them, they are coordinated across the intelligence community. And that is where you can get agreement. So, you can get all agencies agreeing or you can get dissents. You can get DIA and CIA think one thing and NSA thinks something else.

So, that is pretty much how the process works. I would add that within each agency the process for getting a piece approved to be even sent out for coordination is extraordinarily rigorous, because at the end of the day these views are not views of a Michael Morell; they are the views of the Central Intelligence Agency and the views of the United States intelligence community.

Mr. Deutch. How do you react, Mr. Morell, to some of my colleagues coming back now to assert that this information shouldn't have been in there? One of my colleagues said it was not verifiable. One of them said it was biased human intelligence and that, as a result, it should have been clear back in February that this is nothing to be concerned about.

Mr. Morell. So, if it was in the PDB--and I do not know that it was--but if it was in the PDB, it means at least one agency--one important agency, right?--believed the information to be true at some level of confidence. So, that is the response, right, is that someone in the intelligence community believed that information to be true. And that is why it was in the PDB. It would not be there otherwise.

Mr. Deutch. And so, before we even get to the question of low, medium, or high, which we discussed earlier, let's talk about the kind of information that it is. If there were information in the PDB that said that there was a threat against one of our Ambassadors in Europe, and it did not come

up in the Daily Brief, at the morning meeting with the President, what would happen then? Would someone raise it with the President?

Mr. Morell. So, sure. If it is not in the PDB, but the President needs to know it, then the briefer can raise it on their own, right? ``This is something else you need to know, Mr. President.'' Or the DNI, who is sitting there as well, the Director of National Intelligence can raise it and say, ``Mr. President, there is something else you need to know.'' Or the Director of CIA, or anybody else in the room.

I mean, one of the things that people forget here is that the President's briefer is the most junior person in the room. I was once that person. I was the most junior person in the room. Right? So, the National Security Advisor, the White House Chief of Staff, the Vice President, the Director of National Intelligence, Director of CIA are all in the room. Any one of them are capable of saying, ``Mr. President, in addition to what is in your book, you also need to know this,'' or that.

Mr. Deutch. Who decides? Does the junior briefer decide what to report to the President?

Mr. Morell. So, in general, yes. In my case, I went in there every morning with the Director of Central Intelligence, George Tenet. So, he wanted to know what additional materials I was going to give to the President or share with the President. So, he said yes or no to that. But, in general, the briefers decide.

Mr. Deutch. Mr. Morell, I would just close by pointing out that, when one of the agencies says that the Russians are putting a bounty on the heads of American soldiers, that someone in that room, one would think, would care to share that information with the President of the United States. And when this information comes out months later, the response from the President of the United States, out of respect for the families who lost loved ones in Afghanistan, should not immediately come to his own defense, but should try to get to the bottom of what

happened. Fixing the problem is not about the PDB; fixing the problem is making sure that the President is looking out for the protection of our troops and potential Russian efforts, first and foremost. That is what I think needs to be about.

And I yield back.

Mr. Castro. Thank you.

We are going to go to Mrs. Wagner.

Mrs. Wagner. Thank you very, very much, Mr. Chairman, for hosting this very important hearing on the absolutely shocking allegations that Russia is paying Taliban-linked militants to attack our service men and women. If these reports are, indeed, true, we must take strong and swift action to show Russia that attacking Americans is never acceptable and will be met with a swift and strong response by the United States of America.

Russia has proven that it will exploit any opportunity to undermine and roll back American influence, even at the cost of destabilizing regions and prolonging bloody conflict. This is evident in its malign involvement in civil wars, unrest, and conflicts in places like Ukraine, Syria, and Venezuela. Russia's actions are reprehensible, and I am proud to have supported robust sanctions against the Putin regime.

Dr. Wallander, you noted that reports of an alleged Russian bounty program with the Taliban indicate an escalation in Russia's long-running asymmetric competition with the United States. Does this illuminate any vulnerabilities in our deterrence against Russian asymmetric operations and how can we restore the credibility of our deterrence?

Dr. Wallander. Thank you very much for your question.

I think that the vulnerability lays in our failure to track Russian activities closely enough and with enough confidence to be able to take counteractions. What do I mean by that? It is exactly by operating in this gray zone that Russia hopes to have the advantages of these operations without suffering the kinds of consequences we have talked about--their exposure, American military commanders taking countermeasures, being

called to account by political leadership, potential financial sanctions. I would look at disruptive activities that the United States could undertake to complicate these kinds of operations.

So, we have to get serious about this, not only because of this incident, which I do think, if it is true, is an escalation because it exhibits a willingness to take risk for a direct connection between Russian action and American military fatalities. And it suggests that the constraints of risk aversion that we have referred to earlier might be being lost.

Mrs. Wagner. Russian military intelligence, or GRU, is behind a string of attempted assassination and coups, frankly, across Europe, including in the Balkans where Russia is seeking to exploit existing divisions to slow or prevent regional countries from integrating into the European Union or NATO. I am deeply concerned that Russia is fueling ethnic divides in the interest of weakening Balkan States. Mr. Brzezinski, how can we work with our NATO partners to prevent the GRU from undermining progress in the Balkans?

Mr. Brzezinski. Thank you, ma'am.

I would just add on Celeste's point that, if you look back at 2008, how quickly President Putin backed off when he was confronted with the possibility of a direct red-on-blue engagement--that is, when he was confronted with the possibility he might have to shoot at American soldiers--compared to 2018 in Syria and today with the allegations of putting bounties on American soldiers, and in 2018 where Russian paramilitaries actually attacked a U.S. outpost, this shows how Russian aggression, assertiveness, and provocations have escalated. And if we are really going to curb, deter, contain, push back Russia's actions in this area, I think we have to have a much firmer posture across the board. We cannot be willing to invite him or initiating invitations to the G7s. The political isolation has got to be real and sustained. Our economic pressure has to be much harder.

In addition to some of the sanctions that Celeste was talking about, I would seriously consider pulling Russia from SWIFT. Really hammer its financial sector. Yes, this will cause pain and a lot of collateral economic damage on people who shouldn't be held responsible for Putin's actions in Russia, but that is a geopolitical reality. If we really want to shake up Putin, we have to shake his political base, his political stability.

And militarily, we need to be more prepared to push back against Russia. And I am very concerned about our posture in Europe. Although we have made progress in recent years, it is still an inadequate posture to competently deter Russian aggression, particularly in North Central and Eastern Europe.

Mr. Castro. Time is up----

Mrs. Wagner. Thank you, Mr. Brzezinski. I believe my time has expired and I will yield back.

I have several other questions, Mr. Chairman, and I will put them into the record.

Mr. Castro. Sure. Yes.

Mrs. Wagner. Thank you.

Mr. Castro. Thank you, Mrs. Wagner.

And just for everybody, please, so that we can get to all the members on the committee, as you are asking questions, if you can glance on the grid at the time as it is coming down.

For the witnesses, I know that you all have a lot to say, and we appreciate your expertise, but if you all can also be mindful of the time, so that we can get to everybody and help everybody ask all questions. All right?

We are going to go to David Cicilline, and then, I am going to try to go back to Mr. Zeldin of New York right after that. David?

Mr. Cicilline. Thank you, Mr. Chairman, and thank you, Ranking Member McCaul, for calling this really important hearing.

I want to begin by saying I disagree with my friend, Mr.

Kinzinger, who said, if you are a Republican, this is nothing; if you are a Democrat, this is serious. If you are an American, the idea that there is intelligence that the Russians may have, in fact, been paying a bounty on the heads of our American soldiers is outrageous and demands a whole-of-government response.

But I want to get, first, to this Presidential Daily Brief because some people have suggested that, oh, you know, it can be an innuendo; it could be a rumor. And so, Mr. Morell, I want to ask you, in order to get into the President's Daily Brief, isn't it a fact that there has to be a sufficient amount of evidence that it is a credible statement of fact? It is sort of the gold standard among the intelligence community? Rumors and innuendos do not make it into the President's Daily Briefing?

Mr. Morell. So, I would agree with you. I would just change one word. I would change ``fact'' to ``assessment,'' right? It is an assessment that Putin is providing these bounties, and it may not be a fact, but it has to be credible in order to get in there, yes, sir.

Mr. Cicilline. Right. So, this idea of just rumors, unsubstantiated rumors do not make it into the Presidential Daily Brief. And I think the President has acknowledged that it was in the President's Daily Brief, or at least he said he did not read, he was not briefed on it, and he did not read it, which presents its own problem. Kind of the consequences of a President who does not read the Daily Brief is, in and of itself, alarming.

But, in addition to that, the National Security Advisor, Mr. O'Brien, acknowledged publicly that he had begun to develop, along with the other appropriate officials, a set of responses to this activity by the Russians, a set of options to present to the President. And is it fair to say that you do not go through the arduous process of developing a set of responses without having some confidence that the intelligence that you have collected is accurate, credible, and worthy of action?

Mr. Morell. In my experience, yes, sir.

Mr. Cicilline. Mr. Morell?

Mr. Morell. I was just going to say, in my experience, sir, yes, you would need credible intelligence in order to start that process.

Mr. Cicilline. And so, in this context, we have President Trump who has fawned over President Putin. On the campaign trail, he repeatedly complimented Vladimir Putin. He denied that Russia interfered with U.S. elections. In 2017, in an interview with Bill O'Reilly, when he was asked about Putin being a killer, he said, you know, there are a lot of killers; do you think this country is so innocent? And then, in 2018, at the Helsinki Summit, Trump incredibly sided with Putin over our own intelligence community about Russia interfering with our elections. He has withdrawn from the Open Skies Treaty, which benefits Russia. He has proposed reducing U.S. forces in Europe. So, it is in all of that context. Putin has annexed Crimea, remains steadfastly hostile to Ukrainian democracy in violation of international law, and just last week we saw him again, as a dictator, extend his term in office until 2036. So, it is in this context that reporting that the President failed to act or even condemn this action by the Russians is so outrageous.

And so, my first question is to you, Mr. Brzezinski. This, it seems to me, suggests the absence of

[audio malfunction]. The President is not really interested in doing it. But would it, in fact, be helpful if we actually had a strategy to contain Russia when we needed to and to engage with them when we needed to, and what should that look like?

Mr. Brzezinski. Sir, I missed part of your question, but I understood it is, basically, do we have a strategy for dealing with Russian assertiveness?

Mr. Cicilline. And should we? Do we have one, should we, and what should it look like?

Mr. Brzezinski. I think right now, and unfortunately, I think this is true across the last several Republican and Democratic administrations, we have really had kind of an ad hoc strategy. It has been reactive and it has been incremental. What we really need to be doing is leveraging the full spectrum of power that we have to deal with Russia. And that power includes our economic might. I think we ought to be leveraging more economic sanctions. And think about it, we are a \$17 trillion economy; Russia is somewhere between 1 and 2. We have, with the Europeans, a 34-to-1 advantage in GDP comparison. We ought to be hammering the Russian economy on this if we really want to be serious about convincing Russia to take a different course of action.

On the political side, we can impose more aggressive political sanctions on Russia. And then, also, as I have pointed out, we need to adjust our military posture.

Mr. Cicilline. Thank you.

And, General Nicholson, my last question, if the allegations that are reported in The New York Times are true and Russians placed bounties on the heads of American soldiers, what should the President of the United States do to ensure that service members' families and the American people gain some comfort in knowing that we are doing everything we can to protect the men and women in uniform and to ensure that the Russians know that we will not tolerate this and we take this action very seriously?

General Nicholson. Yes, what you just said, sir. We should let the American people know that we will do it, and then, that would be visible by, as I mention in my recommendations, very highest levels of our government, drawing a clear line that this is unacceptable.

Mr. Cicilline. Thank you.

Mr. Castro. All right.

Mr. Cicilline. Thank you, Mr. Chairman.

Mr. Castro. Thank you, Mr. Cicilline.

Mr. Zeldin, hopefully, we have got you now. I still cannot hear you. Yes, now it says you are on mute there. Yes, it is not coming through. Yes, sorry about that.

I will go to the next Republican, Mr. Curtis. Mr. Curtis?

[No response.]

How about Burchett? Okay.

Mr. Burchett. Can you now hear me?

Mr. Castro. Yes. Oh, yes, we can hear you.

Mr. Burchett. I hate cutting in front of everybody, especially my colleague Lee Zeldin, who I make him look good on the baseball diamond. I am a consensus fourth stringer on our baseball team, in case you all did not know that.

And it is a pleasure being here with you all, and thank you all. I am very interested in this topic. I have talked about it on the news. I have gotten busted from both sides on it.

And I think it is pretty much known that Putin is a thug. I mean, I am sure he quakes in his Gucci loafers when he hears that the 435th most powerful person in Congress isn't a fan of his, but I think he is a thug. I do not know why there is any fascination with either side on him.

We know that Russia has been helping the Taliban through political, maybe even material means since 2016. The Russians justify this because of the rise of the Islamic State.

Now the—I am not sure if I say it right—but the Khorasan Province and the ISKP and their view that the Taliban is less of a threat to their security, and my question is this: what do the Russians gain by paying the Taliban to kill our troops if we have a shared enemy in the ISKP? And you all just jump in. Ma'am, why do not you go? Ladies first. I am in the South, so that is—go ahead.

Dr. Wallander. Thank you, sir. I am happy to address that.

I think the goal of Russian policy now—and General Nicholson pointed to this as well—is to get the United States out. There was a shift about half a decade ago where Russia was ambivalent. It saw some common interests in fighting

fundamentalists and extremists, but, after it invaded Ukraine, and the United States took firm action to lead especially Europe in sanctions and isolation, the Russian leadership evaluated that the threat of the United States being nearby militarily, not just NATO in Europe, but in the Middle East and in Central Asia--remember, Russia worked to kick the U.S. out of the air base in Manas, Kyrgyzstan as well. That was the goal, to get us out and to benefit from our departure, plain and simple, I think by the period of this incident.

Mr. Burchett. For the rest of you all, I would be curious what you have to say.

General Nicholson. Yes, I will jump in, sir. General Nicholson here.

I agree with Dr. Wallander. There was a lot of hedging activity, we would call it, I would say, as it was unclear what the United States' intentions were near the end of the Obama Administration. And we had a Stated intention to leave. We did see Pakistanis, Iranians, as well as Russians, all getting involved, I think to gain some influence in what was going to be the environment after we left, after the U.S. and NATO left.

So, I think a part of it was motivated by a desire to gain leverage, and then, another part is their legitimate concern about the spillover of terrorism into Central Asia and Russia. However, this was overStated and this was called their misinformation campaign, suggesting that the United States was supporting ISIS, and, in fact, it was deliberately promoting it.

So, I think there is a combination lens, as with many things, with truth and fiction, as they pursued their overall goal, which is to undermine us, to undermine NATO. They did not want to see us be successful there and they wanted us out of the region.

Mr. Burchett. Thank you.

Mr. Morell. Congressman, if I could add just one thing, I agree with everything that Dr. Wallander and General Nicholson

said. I would just add that this is about Afghanistan, but it is also about outside of Afghanistan. This is about reminding Americans that, wherever you go in the world, it might not be safe. And they want us to think twice about sending troops anywhere. So, this is a pretty broad policy as well as Afghanistan-specific.

Mr. Burchett. All right. Real quick, I am running out of time, but what can we do to make sure this does not happen again? We can talk all these broad statements, but bottom-line me. I am in east Tennessee; we need to cut to the chase. Ma'am, what do you think bottom line? I have got 40 seconds, so 10 seconds apiece.

Dr. Wallander. A political message, but also disruption operations. The GRU can operate like this because it can travel to Europe. It can use international financial institutions. And if it did not have access to those resources, it would not be able to engage in these operations.

Mr. Burchett. General?

General Nicholson. Sir, I would say, No. 1, strongly and clearly and unequivocally State this is unacceptable. And then, second, the other things that they are interested in, and this is why I suggest suspending any talk of withdrawing troops from Germany.

Mr. Burchett. Mr. Morell, I have got 1 second.

Mr. Morell. Sir, I would say you have to play to Putin's fears. And what he fears is his middle class coming out into the streets of Moscow and saying they want change and they want him to go away. And that is why I agree fully with Mr. Brzezinski that the sanctions need to be broad-based and should not be targeted. They should be broad-based.

Mr. Burchett. Great. Thank you all.

Thank you, Mr. Chairman.

I appreciate all you all.

Mr. Castro. Thank you.

Mr. Burchett. And I actually miss you guys in person. I

know it is not the same without me being there live. So, thank you, Mr. Chairman. And, Ranking Member, as always, it is good seeing you, Brother.

Mr. Castro. Ms. Titus?

Ms. Titus. Thank you, Mr. Chairman.

I want to thank my colleagues and the panel for giving us very detailed discussion about the issue of bounties. But I want to look at this from a bigger picture, as we have started to do. I think Mr. Brzezinski said that our policy over several administrations has been ad hoc and reactive, and we know that. You just go back to Obama. We had the reset with the red button. That was pretty optimistic. People thought we were going to accomplish a lot, but it fizzled pretty fast, and then, ended up with Crimea and sanctions and adoptions being denied and interference in elections.

So now, we have got a new President and a new policy, if you can call it a policy. Nobody has come up with a name for it because it is so confusing. The President talked about Putin in his campaign and praised him, but, then, on the other hand, he said, ``I've been more aggressive against Russia than any other President.'` And then, I think you, Mr. Chairman, laid out all the things that have happened in recent days that show how the President feels about Mr. Putin.

We have heard some grand strategies now for what our policy should be, but I do not see any of those being put into effect by this administration, judging from his recent behavior. But I am optimistic. I think we are going to have a new President here in a few months. So, I would like to talk about what difference that will make. Will that cause Putin to change his policy, as he deals with the new President? The fact that he is going to be there until 2036, he thinks, will that affect his behavior? How can we now get back into multilateral relationships to change the new reset or a new policy? And how can we more effectively deal with his plausible deniability, like the Wagner Group that he often hides behind? So, given

those major changes that I anticipate will come in November, could you kind of address how you think that will affect what our policy toward Russia will be?

Mr. Brzezinski. If I could, I will take a stab.

Ms. Titus. Thank you.

Mr. Brzezinski. Whether it is a Trump administration or a Biden administration, there are four kind of elements I would have for effecting Russia's strategy.

One is to ratchet up political isolation of the Putin regime, so he does not get legitimacy, political legitimacy, and stature through fora like the G7.

Second, I would enhance our military readiness in key frontiers. I focus most on Central Europe, but that is one area we ought to be continuing to enhance our military readiness, particularly for high-intensity conflict.

Third, as I mentioned several times, we ought to enhance our economic pressure, really impose economic pain on Russia.

And then, fourth, kind of following the point that was inferred by Director Morell and Dr. Wallander, we ought to really think about our own strategy disruption against Russia. In the same way that Putin has been mucking around in our politics and the politics of our allies and partners, we ought to be leveraging his own political weaknesses by leveraging our asymmetric advantages and asymmetric tools like cyber warfare and information operations.

His political stature isn't as strong as he would like it to be. And the more we could create a certain amount of uncertainty within Russia about his own political well-being, the more likely he is going to be focused inward.

So, the combination of this external pressure and a strategy of disruption that affects his internal stability I think is in order for more effective Russia policy.

Ms. Titus. Dr. Wallander?

Dr. Wallander. I would agree with what Mr. Brzezinski said in terms of the focus of the strategy. And I would just

observe, also, that if you are going to focus on isolation, greater defense spending, and better planning, especially in Europe, and not only in Europe, and economic pressure, the United States needs to do it in coordination with allies and partners, because, otherwise, it is not effective.

Sanctions escape, it is easier for Russia to do if the United States isn't coordinated with Japan, the other members of the G7, and certainly with Europe, given the importance of the European economy to Russia. So, we need to rebuild those alliances and partnerships, both because they are good for America, but if we want to have an effective strategy for coping with Putin's Russia, we have to do it with those strong allies and partners.

Ms. Titus. Thank you.

And, Director Morell, any addition?

Mr. Morell. Ma'am, just to answer your direct question about Vice President Biden, I think the important thing is that Putin will test him immediately. And the Vice President will need to respond along the lines that all four of us are suggesting in order for Putin to be constrained. And if the Vice President does not respond that way, then Putin will see an open field ahead of him. So, he will test within the first few months a new President.

Ms. Titus. Thank you. I yield back.

Mr. Castro. Thank you, Ms. Titus.

We are now going to try one more time Mr. Zeldin. I think he has fixed his computer and it may be working for him now.

Mr. Zeldin. Mr. Chairman, do you have me?

Mr. Castro. I do.

Mr. Zeldin. All right. So, thank you. Thank you, Chairman.

First of all, I would like to State that I view Russia in many ways as an adversary of the United States. Vladimir Putin thinks he is 7 feet tall. If he could have his way, he would put the USSR back together again. That is where I come from.

But, first, I am approaching this from a position of facts.

I have been trying over the course of the hearing to follow a bunch of bad assumptions to take the story into different directions and it is unfortunate.

But, first off, before I get into some of that, to follow up on the exchange just now, as the question was presented conclusively that Joe Biden was going to get elected in November, and how would that impact his relationship with Vladimir Putin, if we are going to go there, to complete the record, yesterday he released a 110-page agenda, and nowhere in those 110 pages does it mention Russia or terrorism once. It does mention other nations and, obviously, a lot of other priorities. So, to help answer that question of my colleague.

To also help cleanup one thing that Mr. Morell said about declaring the briefer in the room as a junior briefer, this is a 30-year CIA briefer. The woman who briefed the President is a 30-year career staffer.

Next----

Mr. Morell. Sir?

Mr. Zeldin. No, thank you. Please, it is my time now. You had your opportunity. So, we will cleanup a few things.

Next, we are following what really was the Susan Rice version in her op-ed in The New York Times. That is that there was compelling evidence, there was a conclusion based on compelling evidence that Russia placed a bounty on U.S. service members and that the President was briefed. Now I do not know, Ms. Wallander, if your assumption that you come into this hearing is following the Susan Rice assumption. I do not know what you might disagree with of what Susan Rice wrote in her op-ed, but having known the rest of the facts and not playing along with story time here at this hearing, there are important facts that should be understood, so we could have a productive conversation.

So, there was a PDB that was given in written form to the President of the United States. In that PDB, there was a concern expressed that is an appropriate topic of this

discussion today and this hearing. In it was also a dissent. That 30-year career CIA briefer shows up at the briefing and chooses not to brief that information because she disagrees with it. So, the President was never told that in the briefing.

Now I am having trouble playing along with ignoring the facts, to call it ``a junior briefer'' and ignore 30 years of service in the CIA. I have trouble playing along with the reality that there was some kind of a conclusion on this based on compelling evidence that there was not a dissent and the President was told this.

So, with all that being said, with a couple of minutes I have left, first off, General Nicholson, I have a tremendous amount of respect for you. Thank you for your service to our country. We have spent multiple Christmas days in Afghanistan. You have sacrificed a ton for your country, and as you know, I have a tremendous amount of respect for you.

And actually, it has been on those trips with you and your team where I learned a lot about Russian interests in Afghanistan and the way that they meddle with the Taliban, and otherwise. So, I know that you are a subject matter expert on it.

I just want to hear your thoughts on the fact that there was classified information that was leaked to The New York Times and how that impacts the process.

General Nicholson. [Audio malfunction.] Having said that, as you know from our conversations there--and thank you for your many visits to the theater and for checking on the troops and the dialog with us--we have been watching the Russians for some time and we are concerned about their behavior. And so, having this hearing, having this conversation, getting this up on the radar screen, I think is a form of pushback on Russian behavior.

And this opportunism that the Russians have demonstrated in Afghanistan and elsewhere, in my experience militarily when we respond and we identify they are trying to exploit an

opportunity and we respond effectively, that is one of the ways that we can cause him to look elsewhere, if nothing else, and to dial down on what they are doing.

So, I thank the members for having this hearing and getting this on the screen. They will be watching this and they will know that we are watching them.

Mr. Castro. Okay. Thank you, Mr. Zeldin.

Mr. Zeldin. I guess

[audio malfunction] does not want to answer the question. I appreciate it. Thank you.

Mr. Castro. Thank you.

And, Mr. Morell, I know you wanted to say something. Your words were directly addressed. If you want to make a quick response, that would be fine.

Mr. Morell. Thank you, Mr. Chairman.

Mr. Zeldin misrepresented my statement. I did not say she was a junior officer. I said she was the most junior officer in the room. That is a very significant difference.

Mr. Castro. Okay. Thank you.

All right. We are going to go to Mr. Lieu.

Mr. Lieu. Thank you, Mr. Chair.

And I want to thank all the panelists for being here today.

I think it is very instructive to note what the White House has not denied. The White House has not denied that the CIA assessed that Russia paid bounties to the Taliban to kill U.S. troops. The White House has not denied that the CIA made this assessment with a medium level of confidence. The White House has not denied that this information was included in the President's Daily Brief in February.

The main excuse from the White House is that Donald Trump was not orally briefed on this issue, but that excuse has now gone away because, for at least nearly 2 weeks, the President has seen the news coverage on this issue, first, coming out of The New York Times, and then, being confirmed by The Washington Post, by NBC, by The Wall Street Journal, and multiple other

press outlets. And the President has yet to utter a single word condemning Vladimir Putin.

But the President has found time to criticize NASCAR driver Bubba Wallace. The President has found time to play golf on numerous outings. What kind of message does that send to Vladimir Putin?

And I have heard some of the strong comments from my Republican colleagues and I appreciate them, that Russia is not our friend. But those are just empty words if you cannot even condemn Donald Trump for not saying a single thing about Russia placing bounties to kill our troops.

And so, Mr. Morell, I have some questions for you. You had said that, if intelligence had a medium level of confidence or higher that this was happening, you would expect the U.S. in a normal administration would have taken action right now, is that right?

Mr. Morell. Yes, sir.

Mr. Lieu. Okay. And I heard some of my Republican colleagues use a word, you know, ``verify'' or ``validate.'' That is not how intelligence works at all, right? You just have confidence levels. It is nearly impossible to verify or validate a fact. For example, when Obama sent in a strike to kill Osama bin Laden, no one was 100 percent sure that Osama bin Laden was there, isn't that right? You just have confidence levels in intelligence?

Mr. Morell. Yes, sir, you never have certainty in intelligence.

Mr. Lieu. And based on numerous non-denials from the White House, it is very clear this is not a hoax. And so, what I want to understand is--and this is for any of the panelists--what kind of message is this sending to Russia and Vladimir Putin when the President of the United States cannot still utter a single word condemning Russia, not just for the bounty program, but just for generally arming the Taliban, right? No one disputes that. And the President cannot even condemn that. So,

what kind of message do you think, Panelists, that sends to Russia?

Mr. Morell. So, I will jump in first here, Congressman. Vladimir Putin, one of his strategic tactics, or one of his tactics, is to divide us as a people, is to have us at each other's throat. So, he must be very pleased with the arguments we are having politically about this issue.

Mr. Lieu. So, let me followup on that. I find it fascinating that so many Republicans are bending over backward to give Russia the benefit of the doubt. I do not understand that. I personally served on active duty in the United States military. It is very clear that Russia is not our friend and Putin is not our buddy. We should not be giving Russia the benefit of the doubt. We should be giving the CIA the benefit of the doubt.

I also wanted to make another point, which is the Republicans are bringing up, for example, Soleimani and how there is also intelligence about him. Well, yes, and Democrats agreed there was a lot of intelligence on him and that he was a bad guy. That was never the dispute. Intelligence was never the dispute. The dispute was, was there appropriate use-of-force authorization to take him out? I believe there was not. And second, what was going to be the consequences if we did that?

In this case, this is an issue regarding intelligence. The CIA has made this assessment, and the President of the United States still has not been able to condemn Vladimir Putin. I cannot understand that, and for Republicans to remain silent on this, you are rewarding Putin.

And with that, I yield back.

Mr. Castro. Thank you, Mr. Lieu.

I will now go to Mr. Keating from Massachusetts.

Mr. Keating. Thank you.

I have a question for Dr. Wallander, but for the rest of the panel as well. When we look at what we do in response to Russia, we are always, first, looking at sanctions, and

certainly sanctions, including individual sanctions, should be explored, particularly with some of the oligarchs, I believe. But the question is this: I would like your comments on how much more effective it is to work in concert with these responses, particularly with our European allies. And just this go-it-alone strategy, when we do get around and the President does get onboard, sometimes reluctantly, to these sanctions—I mean strengthening NATO, working harder and more visibly for Ukraine independence reform, working on energy issues. Financial transparency issues and money laundering issues are important as well. These are the things, we should take an across-the-board approach in terms of reacting to Russia's malign activities. And how important it is to work in concert, I believe. But can you reflect on your experience in the go-it-alone versus an allied approach?

Dr. Wallander. Well, thank you very much, sir.

In order to be effective with economic or financial sanctions in the case of Russia, you, the United States, have to coordinate with Europe to be effective for a couple of reasons. One is the volume of trade between Russia and Europe far exceeds that of the United States. U.S. trade with Russia is something like 2 percent of our global trade. So, to have impact, you have to look at Europe.

Second, a lot of Russian financial transactions end or go through Europe. So, if you do not coordinate with Europe on financial, banking, financial institution transactions, there are workarounds that the Russians are very clever. You know, I sometimes say, if they put as much energy into running a real market economy, their economy would be a lot more successful. They are really good at workarounds. And so, to get to do those workarounds without the United States coordinating with Europe, you are just not going to be effective.

And the last point I would like to make is I agree with Mr. Brzezinski that we should be looking at, if you want impactful economic sanctions, that you should be looking at sectoral

sanctions. You can only sanction the oligarchs so many times. Many of the oligarchs are actually not politically influential or even close to the Kremlin. So, for impact, sectoral sanctions are important and targeted sanctions on the defense and security elite that is so core to the Putin leadership. If you want to be effective, you need to think in terms of targeting those areas.

Mr. Keating. And in terms of the Wagner Group, and you look at their activities in Crimea, Syria, now in Libya and parts of Africa, what theaters that we may not be looking at where you would be keeping a watchful eye on the Russians going forward?

Dr. Wallander. Going forward, I think we need to look at Central Asia, for many of the reasons General Nicholson pointed to. I think that I am concerned also about that the Russian government can use the Wagner Group for deniable training of some countries in Europe or in the Middle East. And once they are there, they tend to have influence, and then, they tend not to play by the international rules of the game. So, I think beginning to treat the Wagner Group as more quasi than private would strengthen the ability of the United States to counter these kinds of destructive asymmetric operations.

Mr. Keating. Last, in the hearings we had this week in our subcommittee, they stressed the importance, our witnesses, of not moving away from the option of dealing directly with the Russian people, giving them information. Many of Putin's activities are not well received in Russia. In fact, if they did know the truth, instead of what they are getting, it would become a domestic problem for him. Do you believe that is a very important approach we should take, too?

Dr. Wallander. Well, Putin's disapproval ratings have been growing. His approval ratings have been falling as a combination of economic challenges and, also, the challenges of the COVID crisis in Russia. So, there is evidence that Russians do pay attention and do have views of their leadership. And there is also evidence that Russians have, although official

media sources inside of Russia are constrained, Russians actually get their information from a wide variety of platforms that are available to them.

Mr. Keating. My time has elapsed. I am sorry, Doctor. I yield back. But thank you so much for being here with us today----

Dr. Wallander. Sure.

Mr. Keating [continuing]. And to all our witnesses.

I yield back.

Ms. Stiles. Congressman Malinowski, we can turn to you, sir, if you want to begin chairing.

Mr. Malinowski [presiding]. So, it is Mr. Phillips next.

Mr. Phillips. Thank you, Mr. Chairman.

And thank you to our witnesses.

I will start with a few obvious truths. One of which is I am terribly disappointed that Secretary Pompeo once again chooses not to be with us, stonewalls our efforts to provide important oversight on some terribly important issues that we and the rest of the world face.

I am terribly disturbed by Vladimir Putin's ongoing provocations and aggression, all with impunity. I am particularly disturbed and disgusted by the possibility that Russians provided bounties to the Taliban to kill American service men and women. I will not try to continue the litigation of whether it is true or not. We have done so.

But I want to turn to a couple of questions. One of which is--perhaps, General Nicholson, if you might begin--is it even possible that the GRU operates independently of Vladimir Putin?

General Nicholson. I will give you my perspective, with great respect for Director Morell and Dr. Wallander and Dr. Brzezinski. They understand the Russians extremely well.

My perception, there is an almost feudal set of relationships inside Russia. On one level, you could view it that way. People like to deliver outcomes to the center, to the czar, if you will, or to Putin, that they think he will like,

that will curry favor. So, there is a dimension to this where people will act independently on what they think the boss wants and deliver that to him. And so, I think that it is possible that there can be independent actors within this system doing things that others in the system might view as reckless or irresponsible.

Mr. Phillips. Thank you, sir.

Do any of our witnesses see it differently?

Dr. Wallander. I agree exactly with General Nicholson's analysis. I would point out that the GRU has engaged in multiple operations that have been exposed and they have not been pulled back. And so, from that, I take it that, while those operations may not have been ordered, they may have been about pleasing the boss and about creative implementation of general directives, we, nonetheless, should hold the Russian leadership accountable because, if they did not like it, they did not stop it. So, therefore, they own it.

Mr. Phillips. Well said. I couldn't agree more.

Some of you have spoken, Director Morell, you spoke about Putin's greatest fear is his middle class in Russia turning against him. Mr. Brzezinski, you talked about the need for a strategy of disruption and creating uncertainty. I think we would all agree that, if we intend to do so--and we should--it must be in conjunction with our allies. And I would welcome perspectives from each of you in my remaining time relative to the State of affairs with our allies. Are we in a position right now with our relationships to do so? Do our allies trust us or are those relationships compromised and perhaps presenting a challenge to some cooperation in that respect?

General Nicholson. I will jump in here, sir. Having led a 41-nation coalition that was built around the core of NATO, I will tell you, having served in NATO multiple times, it is one of our most important sources of strength in the national security arena. And the protection, if you will, of that cohesion and that strength of the alliance is paramount for our

national security. And I know we in uniform took that very seriously. Indeed, the whole is greater than the sum of the parts, if you will, especially when it comes to the legitimacy of our actions. It is not just adding up GDPs, adding up military capability, which is significant and gives us enormous strategic advantage over Russia. It is the legitimacy that comes with having 41 nations together in Afghanistan. That is an important source of strength.

Mr. Phillips. But, sir, if I might ask, would you say that those relationships are less strong than they perhaps were as short as a few years ago?

General Nicholson. Well, candidly, as a leader within NATO, I was concerned that some of the comments that we saw and some of the pressure being put on key allies within NATO risks our cohesion. Having said that, it is true that many of our allies have not met their obligation to spend 2 percent of the GDP on their defense, and their readiness has suffered because of it. So, it is not a black-or-white issue. I mean, the allies, given the threat posed by Russia, do need to invest more in their readiness and in their modernization. The way we go about it, though, I think needs to reinforce our cohesion, not

[audio malfunction].

Mr. Phillips. Thank you, sir.

Director Morell, I would welcome your perspective on our allies, our relationships, and whether that has been eroded over the last few years.

Mr. Morell. Sir, I have had many conversations with foreign officials who I used to deal with, and almost to a person, whether in Europe, the Middle East, or Asia, they are concerned about their relationship with the United States. And they tell me that, because of that, they need to hedge, and that that hedging includes increased conversations with both China and Russia. So, I hear that. I hear that almost constantly.

Mr. Malinowski. Thank you.

Mr. Phillips. Thank you, Mr. Chairman. I yield back.

Mr. Malinowski. Thank you, Mr. Phillips.

I am going to recognize myself at this point. And I wanted to start with, to go back to a pretty basic question to you, Mr. Morell. And that is, what is the standard for including a piece of information in the President's Daily Brief? It is more than just that the information is true or likely true; it has to be important, isn't that the case?

Mr. Morell. Yes, sir, it has to be important to the national security of the United States of America.

Mr. Malinowski. Right. So, if this information was included in the President's Daily Brief, that would mean that the intelligence community made a judgment that it was important enough for the President.

Mr. Morell. Yes, sir.

Mr. Malinowski. Is that a fair assessment?

Mr. Morell. Yes, sir.

Mr. Malinowski. And we do not actually know why the intelligence briefer chose not to orally brief. So, any of that is speculative at this point.

Mr. Morell. Yes, sir.

Mr. Malinowski. Okay. Now, when something is important and it comes to the White House, but there are gaps in the analysis or potentially differences of opinion about the level of confidence, then one of the things the White House can do is to go back to the intelligence community and ask for a deeper dive. And we know that in this case that did happen, that Mr. Ratcliffe produced a sense-of-the-community memorandum upon being asked by the White House. But what strikes me as odd about that is that it seems as if a White House, if a National Security Advisor felt a real desire to get to the bottom of a piece of information like this, would not he have asked for that deeper dive immediately, in this case several months ago when it was first brought to the attention of the White House?

Mr. Morell. Sir, I would think so. I do not understand the timing in this case, but, yes, I would think so.

Mr. Malinowski. Okay. And are you concerned that the timing might have been related to the media reports rather than to a sense of urgency to get to the bottom of the intelligence?

Mr. Morell. Sir, I just do not know the timing. So, I cannot answer that.

Mr. Malinowski. Understood.

And let's get back to the more important question of the response here. Now we have heard from Secretary Pompeo--and we wish he were here to tell us in person--but we have heard from him that he has raised Russian support for the Taliban on several occasions with his counterpart--I assume Mr. Lavrov--in the Russian government. Ms. Wallander, knowing that, would you say that President Putin would take such expressions of concern seriously if they are only coming from the Secretary of State and they are never coming directly to him from the President of the United States?

Dr. Wallander. One of the things that is clear is that the Russian leadership pays close attention to what it is hearing from different senior levels in the U.S. Government, and when they get mixed messages, they use that to their advantage and cherry-pick the messages they want to hear from the messages they do not want to hear. So, I think it does matter that if it is the case--and I do not know if it is the case--that they have not heard a consistent, clear, strong message on concern in this area from several senior leaders of the U.S. Government, they would read into that that they do not need to worry about it and it is not a strong U.S. expression of concern.

Mr. Malinowski. And they do recognize the President speaks for the United States above all others. I mean, we do know--we do not know exactly what was discussed--but we do know, because it has been publicly reported, that President Trump has spoken to President Putin on the phone something like a half dozen times in the last couple of months. That, in and of itself, is a little bit odd or out of the ordinary, would not you say from

your experience?

Dr. Wallander. The frequency of calls isn't necessarily unusual. President Obama spoke frequently with Vladimir Putin during the escalation in the Ukraine crisis in order to be able to let him know we knew what was happening and what we were planning to do to counter Russian actions. So, the frequency itself might not be. It would depend on what the content of the message was.

Mr. Malinowski. Right. But if Pompeo is saying, ``I am concerned about what you are doing in Afghanistan,' ' and the President is saying, ``I would love to share intelligence with you on counterterrorism. I want to invite you to the G7. I want to have a good relationship with you, and can you believe this Russia hoax?' ' and all of that stuff, how seriously do you think Mr. Putin would take any expressions of concern from the State Department?

Dr. Wallander. If that were the content of the messages, that would be a very mixed message, and the expressions of concern from the State Department would not rise to the level of serious.

Mr. Malinowski. Okay. Thank you so much.

My time is up, and I would like to recognize Mr. Allred. Thank you.

Mr. Allred. Well, thank you, Mr. Chairman.

And I really want to thank our panel for their excellent testimony and your excellent written testimony.

I think that many of my colleagues have covered very ably a lot of the ground that I wanted to discuss, but I want to begin by noting that I have not been privy to the intelligence around this incident. But I agree with Mr. Brzezinski that the fact that bounties are even plausibly in place on American service men and women shows that our policy toward Russia is, at the very least, completely ineffective at deterring their aggression. And we know, as General Nicholson has noted, that the Russians have provided arms and support to the Taliban that

have been used against American service members. So, whether we accept this intelligence or not, or whether the President was briefed on this particular instance or not, the President and this administration are clearly on notice as to Russian intentions against us in Afghanistan and certainly may have American blood directly on their hands.

Last November over Thanksgiving, I was in Afghanistan visiting our embassy, Bagram, went to some of our forward-operating bases where our Rangers are training and working with the next generation of Afghani officers. And when I think about those young service members who are working with those young Afghans, and I think of our President repeatedly praising Vladimir Putin, offering ventilators, saying he believes Putin over our intelligence agencies, and, of course, trying to get them readmitted to the G7, among many other things that we could list, it is incomprehensible. And I can find no strategic goal in it. I have no rationale behind it. And so, I am left wondering, what could possibly be motivating these actions?

But my role, and I think our role on this committee, is to try and inform policy and inform our constituents and inform the American people as to what we can do. And while this President may not act, we know that Congress has acted several times during this term to try to take steps, and we were willing to do more.

And so, I do want to ask, what has worked for us in a multilateral and multinational approach in the past to check Russian aggression? What steps have worked, and are those mechanisms still effective? Is it necessary for us to find some other mechanisms? I will ask that to the entire panel, perhaps beginning with Dr. Wallander.

Dr. Wallander. Thank you for your question.

We do have some evidence of what is effective. In the summer of 2014, when Russia provided surface-to-air missiles to the so-called separatists in Ukraine and that missile was used to shoot down the Malaysian airliner No. 17, it was very

quickly exposed publicly and the Europeans, in coordination with the United States, imposed significant sanctions on the Russian economy. And the Russians both withdrew those capabilities and stopped—they did not stop their intervention, but they stopped the escalation of delivery of equipment that they had been engaged in and pulled it back and went more covert and more deniable. And that affected their operational effectiveness.

And so, they are sensitive to what we do and the costs we impose. Those costs vary by circumstance. I cannot tell you, I cannot lay out a map of what it would be in every circumstance. My colleagues have suggested some. We have talked about some. But I think the important answer for you is that we know that the Kremlin is cost-sensitive and does respond when we are clear and firm in our policies.

Mr. Allred. Mr. Morell, do you want to add anything to that?

Mr. Morell. No, I agree 100 percent.

Mr. Allred. Mr. Brzezinski.

Mr. Brzezinski. Sir, I would reiterate it this way: when we are committed to our values, that denies opportunity to autocrats like Putin trying to undercut political cohesion, to undercut the cohesion among our allies. It reduces his motivation to kind of push against liberal democracy and replace it with authoritarian nationalism. When we are steadfast in our military resolve, Putin will be more cautious. We have demonstrated that repeatedly. When we are committed to our allies and partners, when we do not abandon them in the field or withdraw our forces from their territories, Putin is less likely to push against them. And if we are steadfast in leveraging our economic power, Putin does not have any capability to match that, but we have to exercise it.

Mr. Allred. Well, my time is up, but, General, thank you for your service and I am sorry we did not get a chance for you to weigh in. If you have anything you want to add, perhaps the

chairman will allow you a few seconds.

Mr. Malinowski. It is fine, if short. Do you have anything to add, sir?

General Nicholson. Thank you, Chairman.

I wanted to add that, you know, war is more like a wrestling match than a chess game. And so, while discussions of confidence levels and assessments are going on on the ground, leaders are taking actions immediately to protect our service members and to respond, and to fill in any gaps. If we do not know with confidence, why not? Well, let's try to cover that gap. So, I would say our teammates, our colleagues that are out there on the front lines right now, they are doing everything they can to protect our service members and they are adapting to this.

The one thing I would add on responding is back to the power of the alliance. So, the legitimacy that comes with 41 nations saying, hey, this is unacceptable; you do not threaten the U.S. and its coalition partners on the ground, that does have power and it shouldn't be underestimated.

Thank you for the question, sir.

Mr. Allred. Thank you.

Mr. Malinowski. Thank you. Well said.

I now recognize Mr. Levin of Michigan.

Mr. Levin. Thank you so much, Mr. Chairman. And I want to thank the ranking member as well for this really important hearing.

And I want to thank all the panelists. We go through a lot of hearings. You all are really outstanding witnesses and I appreciate it.

I want to start with you, Mr. Morell. You said in your testimony that, in your experience, quote, ``Even if it was only vaguely clear that the Russians might be paying bounties to Taliban-associated militants for killing American soldiers, that information would have made its way to the highest levels of the U.S. Government, including the President, before the

analysts concluded their work.'" Would you tell us why information like this would have been run up the chains so quickly, even if it was only vaguely clear?

Mr. Morell. Because of its significance, sir. We are talking about bounties on the heads of American soldiers, and the significant strategic step forward that would suggest for Putin's activities against us.

Mr. Levin. Thank you.

Mr. Morell. I worked with a number of National Security Advisors in my time. I do not think a single one of them would not have told the President this information when the National Security Advisor first heard it, when they first read the raw intelligence.

Mr. Levin. And regardless of politics, obviously. We are all patriots, right? I mean, it is just about our country's interests?

Mr. Morell. Yes, sir.

Mr. Levin. And protecting her? Okay.

So, Secretary of Defense Esper is actually testifying before another committee right now, and I understand that he said, and I am quoting, ``To the best of my recollection, I have not received a briefing that included the word bounty,' ' end quote. He, then, said that he was briefed on intelligence reports that Russia made, quote, ``payments,' ' end quote, to militants.

If this happened during your tenure, is there any chance that this would not have been brought to the Secretary of Defense's attention? And what would the Secretary likely to have done, knowing this, that payments were made in this way to the militants to attack our soldiers?

Mr. Morell. Two thoughts, sir. One is the Secretary of Defense is a recipient of the PDB. So, if it was in the PDB, the Secretary of Defense should have read it or should have been briefed on it.

Second is the Secretary of Defense has, of all the Cabinet

members, the most interest here in making sure that this is run to ground, in making sure that his or her soldiers are well cared for and protected. So, I think they would speak the loudest for something to be done here.

Mr. Levin. Thank you.

General Nicholson, I want to ask you a question, sir, about--and I do not mean to be naive, but I really do not know--you have led our troops at every level and our coalition partners. When news like this happens, do our troops find out about it, that this idea that there may have been bounties on them and that the President isn't doing anything about it? I mean, do they hear about this?

Mr. Brzezinski. Thank you. Thank you, sir, for asking.

Information that has to do with what we would call force protection is extremely important. It comes right to the top of the list, because casualties, friendly casualties, be they coalition or Americans, are going to affect the political will to sustain the effort. So, there is a military reason you do that. And then, of course, there is the moral obligation you have to all the members of your team to protect them. So, this is critically important.

I think our service members understand that their chain of command, I mean starting with their leaders on the ground, are committed to their protection. And to be honest, studies of military units, and all that, it is usually your nuclear group that is the most important and your immediate. And I think there is no question in the minds of those service members that their immediate group and their leadership, General Miller in Afghanistan, are going to be doing everything they can to ensure their protection.

Mr. Levin. Everything they can. And then, if they have a question, if it seems in publicly available information that way up the chain that someone may not be looking out for them, I mean, I just worry about the morale of our troops. It just concerns me. Again, not to do with politics, but just, I mean,

they are out there defending our country, for God's sake.

General Nicholson. Well, I couldn't agree with you more, sir, in terms of our internal strength and cohesion is one of our greatest sources of strength and effectiveness on the battlefield, and the unwavering commitment. And all of the members, I know all of you have been enormous supporters of our troops in the field. We deeply appreciate that.

So, sure, it does cause some head scratching from time to time when you see things like this happen.

Mr. Malinowski. Thank you, sir. Thank you, Mr. Levin.

Mr. Levin. And thanks for your service.

Thank you. I yield, Mr. Chairman.

Mr. Malinowski. Thank you, Congressman Levin.

And I would now like to recognize the member of our committee who in a past life might have been the person analyzing and briefing this information, Congresswoman Spanberger.

Ms. Spanberger. Not to make light--thank you, Mr. Malinowski--of a prior comment, but at the time that I left the agency I was far too junior to have the role of briefing the President of the United States, not to mention I was on the operations side of the house.

[Laughter.]

But I am grateful to all of our witnesses for being here today, for the breadth of information, knowledge, and commitment to service and our Nation that you have demonstrated throughout your careers and continue to demonstrate.

As a Member of Congress, one of my very top priorities is keeping our service members safe. I am personally furious over the allegations that Russia seems to have further endangered our men and women in uniform serving in Afghanistan by putting bounties on their heads with Taliban-linked militants, asking them to target them.

I have been grateful to hear strong denunciations among many of my colleagues during this hearing, but I would urge

many of them to go one step further. I would love to hear them call upon the White House to do the same, to stand up to Russia.

And this gets me to my first question, which I will direct at you, General Nicholson. You have raised concerns about Russia and its support for the Taliban for a number of years. And then, separately, we have seen that President Trump has held off in condemning Putin in a whole variety of ways. He has offered him intelligence. He has publicly sided with him over the intelligence community. He has advocated for Russia to join the G8. He has repeatedly given him praise. And then, most notably, he hasn't issued what I think is an important and necessary step, which is, if this is true, Russia will see the full force and strength of the United States across the board politically, economically, and wherever else that may take us for us to protect our U.S. service members. That is what I would like to see.

But my question for you, General, is, when we see these patterns, and patterns of nefarious behavior by Putin and Russian, but, then, also, patterns in the administration that isn't standing up to escalatory behavior, either directed at our country or other Western allies, what do you think that that portrays to Russia? And what sort of calculation do you anticipate or do you assess that they might be making, given the pattern of behavior that they are put up against?

General Nicholson. Thank you, ma'am. Thanks for your service and thanks for your focus on this issue.

I do think, clearly, Putin and Russia are targeting the cohesion of NATO. And so, many of the actions they have taken, not just in this regard, are targeted at that. And if they can erode the cohesion of NATO, if they can convince just one member, one voting member, to not invoke Article 5 if they were to threaten an ally, clearly, these are the kinds of scenarios we have spent a lot of time looking at during my multiple assignments in NATO as a flag officer.

So, I do think they are trying to erode the cohesion, and they are doing it in multiple ways, as the other witnesses have spoken about eloquently in terms of the information operations, in particular, and we have seen this in America. So, I do think this is something we need to be concerned about.

And the ways we can reinforce cohesion in NATO are leveraging the system. I will give you a quick example. I do not mean to take up too much time. But when you look at the threats initially to the eastern States of the alliance after the invasion of Ukraine, and the actions that NATO has taken then, it took a little while. It is a large alliance. But we now have alliance troops stationed in the East. We have large exercises in the East. We have a regular rotation of forces to the East. Those nations in the East have improved their readiness and posture, new weapon systems, et cetera.

It tends to take longer in an alliance. Everything is harder in an alliance. But the alliance, at the end of the day, is, in my view, the effective mechanism to respond, if that helps.

Ms. Spanberger. Thank you.

And in your testimony, you have noted that mistakes and miscalculations can, in fact, lead to war and they can be particularly dangerous when it comes to our relationship with Russia. What does it tell you, looking at these allegations, that Russia is willing to risk potentially? And I am going to caveat it heavily like a former intelligence officer would. If these things are true, what would that demonstrate to you that they might be willing to risk, given what some of their goals are, among them, disrupting the cohesion of NATO?

General Nicholson. And I will throw in the same caveat on ``if this is true,' ' but I would say, one, it is a miscalculation and a mistake. And so, No. 1, that we would not find out about it. I mean it is clumsy execution. It is poor execution. Their tradecraft was pretty bad if we have received these reports. If they trusted criminal proxies, and those

criminal proxies dealt with Taliban criminal proxies, well, they have essentially entrusted the foreign policy of Russia to criminal proxies in Afghanistan. And that was a real miscalculation and very sloppy on their part.

What it would say, though, is that they made a mistake, in my view. So, there was a miscalculation that they could pull this off and a mistake in that they have risked that there are strategic consequences for this essentially tactical action.

And the final point I would make is, when Vladimir Putin's approval ratings are the lowest they have been in 20 years, do you really want to risk economic sanctions against Russia over something like this? What is the cost-benefit analysis? And that leads me to believe, again, poorly conceived, sloppily executed, if it turns out to be true.

Ms. Spanberger. Thank you very much, General Nicholson. I appreciate your comments.

And I think reflecting back on the patterns of behavior, I think there is an element here that is unfortunate, in that they might have also made the judgment that they would not taste the level of wrath or retaliation that they would face under any other administration that learned of allegations of bounties being put on the heads of U.S. service members.

I yield back. Thank you, Mr. Chairman.

Mr. Malinowski. Thank you so much.

And then, finally, I would like to recognize Representative Houlahan for what I believe will be our last round of questions.

Ms. Houlahan. Thanks, and I do apologize for being late. I was at the hearing that Representative Levin was referring to where Secretary Esper mentioned that he had not heard of bounties, but had heard of payments for the lives of soldiers and sailors.

And I just wanted, for the record, to read the definition of a bounty, which is ``a sum paid for killing or capturing a person.' ' And so, I do not think that we should be getting

ourselves caught up in semantics.

I also really want to make sure that I say for the record that, were this intelligence, uncertain as it appears to be, about another malign actor such as North Korea or Iran, we would not be having this conversation about trying to fall over ourselves to explain why this is either not real or actionable intelligence or not something to worry about.

And so, I would love to know, also, from Dr. Wallander or Mr. Morell, if you would not mind just telling me a little bit about what is in it for Russia to offer a bounty on lives of soldiers and sailors? Why would they want to potentially escalate tensions between the U.S. and Russia? Did they expect to be caught or found out? If you could kind of try and characterize for me, and for others, why would this happen and why is this, in fact, an escalation?

Dr. Wallander. Well, thank you for your question. It is a great question, and it cuts to the heart of the discussions about Russia and what it is doing and why it is a threat to the United States.

It is an escalation because it is an act of the Russian, if true, it is an act and a policy of the Russian Ministry of Defense and political leadership to have American soldiers killed. Normally, the United States and Russia seek to deconflict in theaters, like in Syria. Even during the cold war, the Soviet Union and the United States, when they were involved in conflicts in the same region, took great care to not kill one another's soldiers because of the potential escalatory implications. So, that is why it is significant.

Why Russia would want to have American soldiers killed in Afghanistan I still think comes back to wanting to help drive us out, to complicate things. They do not want us there. They do not want NATO there. I know it is more than NATO, General Nicholson, but in the Russian frame it is NATO.

And then, why do it this way? Because they want to exploit the deniability, the asymmetric operations. They want to have

the benefit of the action without the costs. And they have been doing this for going on a decade, not at this level of seriousness, but this is part of a pattern that we have seen for quite some time.

Ms. Houlahan. Thank you.

I was wondering, Mr. Morell, if you have something to add to that as well.

Mr. Morell. I was just going to add, to go back for just 1 second to Ms. Spanberger's and General Nicholson's conversation about whether this is in Putin's strategic interests or not, what I think we have seen over a long period of time is Vladimir Putin make decisions that are not in the strategic interests of the Russian State. Over and over again, he has done things that has made it difficult for his country to have any relations with the West, integrate the Russian economy in any way with the European economies. And I think because of his actions, Russia is destined to continue to degrade as a State.

So, he is not thinking about the strategic interests of the Russian State. He is thinking about a very narrow set of interests, about power in the world, being seen as a great power, and being seen as a great leader. It is not about, in his mind, what is in the interest of Russia.

Ms. Houlahan. Thanks.

And with the last minute of my time, I would like to kind of end with General Nicholson. Your testimony that you gave ended with what I think is very true. You said, ``Our long war in Afghanistan will only end at the peace table.'' So, how do you think that these allegations, if they are true would impact the prospect of U.S. peace with the Taliban?

General Nicholson. Thank you, ma'am.

Unfortunately, they have a negative impact because it indicates the Taliban are not acting in good faith. So, the Russians offered, but if the Taliban accepted, if this is validated, then it would indicate that they are acting against the spirit, certainly, and perhaps even the letter, of the

agreement that they signed with the United States a few months ago.

So, I think getting that process on track and having the Taliban deliver on the conditions that they are to have delivered at this point--and that is severing ties with Al Qaeda, that is initiating the dialog with the Afghan government and representatives of the Afghan people--it is a sustained reduction in violence, and that has not happened, either.

So, I think this construct that we have come up with, it is not perfect, but it is the best one we have. It does give us an avenue forward. Like many peace processes, it is kind of, you know, one step forward, two steps back, one step sideways. But I think we need to have the stamina to see it through.

But there is a condition built in that, before we progress to the next level of reductions, they need to meet certain conditions. So, I think if we stick to our agreement and hold the Taliban to it, it gives us our best opportunity to move forward.

Ms. Houlahan. Thank you, General.

And thank you so much for my time. Apologies again for being tardy, and I yield back.

Mr. Malinowski. Thank you so much. Thanks to all the members and our witnesses.

I think this was a very, very interesting and helpful discussion. There is obviously a lot that we do not know. There are some things that we do know, but cannot discuss in a public forum such as this. But I have heard enough to reinforce my concerns about what seems to be just a breakdown in the national security decisionmaking process. I mean, we do know that the President was briefed, but he does not read his briefings. We know that the Secretary of Defense and the National Security Advisor knew about this, but they, too, did not choose to take the initiative to ask the intelligence community to get to the bottom of it.

And while all this was going on, all of the messages that

we were sending, certainly from the White House to President Putin, were positive about the relationship, whether the G7 or pulling out of Germany or intelligence-sharing, or all of the other things that we have heard about. That does not strike me as the way any normal administration would react to information like this, even if there was not 100 percent certainty. And all of you, I think, from your different perspectives, have helped to reinforce that conclusion.

So, I am grateful to all of you for your decades of service and for sharing your insights with us today, and to all of the members for their excellent questions.

And with that, the hearing is adjourned.

[Whereupon, at 3:53 p.m., the committee was adjourned.]

APPENDIX

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

STATEMENT FOR THE RECORD

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

RESPONSES TO QUESTIONS SUMMITTED FOR THE RECORD

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Press Conference by Secretary Mattis in Afghanistan

April 24, 2017 Secretary of Defense Jim Mattis; General John Nicholson, Commander, Resolute Support and U.S. Forces Afghanistan

SECRETARY OF DEFENSE JIM MATTIS: Good afternoon, everybody. Good to see you all.

And I think you're aware of who General Nicholson is, but for those of you who've travelled with me, if you've not seen him before, this is the NATO commander here of the international operation that's been going on for years.

And, as if we needed a reminder, as I stand here before you, of the type of enemy that we're up against, the killing of Afghan citizens, soldiers, protectors of the people, just as they were coming out of a mosque, you know, coming out of a house of worship -- it certainly characterizes this fight for exactly what it is.

These people have no religious foundation. They -- they are not devout anything, and -- and it shows that we -- why we stand with the people of this country against such heinous acts perpetrated by -- and the word gets used often, I think too often, but this is -- this barbaric enemy and what they do. Kind of makes it clear to me why it is we stand together.

I met today with President Ghani. I'd seen him in Europe about two months ago, ladies and gentlemen. And here, we had another focused discussion, here in Kabul, as we worked to align our efforts.

I thanked him for his warm welcome, and it certainly was that, with him and his -- his leadership, for his personal leadership in the midst of very, very difficult times and for the inclusive approach of this unity government, with Chief Executive Abdullah, who also in both our private meeting, the president and I, and also in the larger meeting between our delegations.

We discussed his initiative to make the government of national unity more responsive to all of the Afghan people. And we all recognized the challenges to this government and to that effort presented by enemies of the Afghan people who refused to renounce violence.

As you know, President Trump has directed a review of our policy in Afghanistan as the new administration takes hold in Washington. This dictates an on-going dialogue with Afghanistan's leadership, and that's why I came here.

I talked again with President Ghani, with his ministers, and heard directly and at length from the NATO commander, General Nicholson, in -- in order to provide my best assessment and advice as we go forward, advice to the president, to the NATO secretary general and all the troop-contributing nations with whom I coordinate and collaborate.

Our NATO general -- our NATO commander, General Nicholson is one of our most experienced officers in the field, also one of our most serious strategic thinkers. The teamwork that we enjoy here between the Afghan government, our diplomats and our international military contingency has reached very, very high levels of partnership. In a word, I found it impressive.

Within the new American administration, of course, our review in Washington

is a dialogue with Secretary Tillerson and the president and his staff in the White House. And I'd say that we're under no illusions about the challenges associated with this mission.

2017's going to be another tough year for the valiant Afghan security forces and the international troops who have stood and will continue to stand shoulder to shoulder with Afghanistan against terrorism and against those who seek to undermine the legitimate United Nations-recognized government of this nation.

If the Taliban wished to join the political process and work honestly for a positive future for the Afghan people, who have suffered long and hard, they need only to renounce violence and reject terrorism. It's a pretty low standard to join the -- join the political process.

But those are my impressions, what I was doing here during these -- these hours that I've been here on the ground, and I can take any questions that you might have.

I've got a couple minutes for questions.

Helene, go ahead, please.

Q: Thank you, both of you, for doing this.

I'd like to ask both Secretary Mattis and General Nicholson whether it's your assessment that the Haqqani network was behind the Afghan base attack last week.

Also, do you think that the Haqqani network may have also played a role in

the hospital attack last month, and whether you see any contact under way between ISIS and Haqqani here in Afghanistan?

And then, separately, for General Nicholson, you've explained that you dropped the MOAB on Achin to clear a tunnel of -- a cave complex of ISIS fighters. Did you also consider the larger strategic message that you might be sending to American adversaries like North Korea and Syria when you made that decision?

Thank you.

GENERAL JOHN NICHOLSON: Thank you, Helene. Thank you, Mr. Secretary.

Well, first -- let me take the second question first. The secretary has talked about the strike we conducted in Achin last week. I really have nothing to add with respect to that. I will say we were sending a very clear message to ISIS -- not only to ISIS here in Afghanistan, but also ISIS main.

But they -- if they come here to Afghanistan, they will be destroyed. In keeping with the secretary's intent, they will be annihilated. And so this continuing pressure we're putting on ISIS is achieving that effect, and we're going to keep it up.

To shift to the first part of your question, the Haqqanis and the Taliban both pose a threat this year. We have not seen cooperation between ISIS-K and the Haqqanis, however we're always watching for convergence between the various terrorist groups that we see here.

ISIS-K claimed responsibility for the attack on the hospital that occurred.

The Taliban have claimed responsibility for the attack that occurred up in Mazar-e Sharif. Again, we don't see the connections between those two groups. But in terms of the way -- what they did during these attacks, there's very much a connection.

As the secretary talked about in his comments, the level of barbarity and cruelty, shooting patients in their beds, killing young soldiers at the mosque in prayer -- they're reaching new lows in terms of their behavior. And this is why the majority of the Afghan people -- something like 87 percent -- reject the Taliban and do not want to see a return of this regime.

And as the secretary said, we are open to -- I know our Afghan partners are open to having the Taliban rejoin peaceful life here in Afghanistan. Thank you.

Q: And the first part of my question, on whether or not you -- you -- is your assessment that the Haqqani network was responsible for the base attack on Friday?

GEN. NICHOLSON: We're -- we're still -- we're still developing that, and -- and we'll let you know as we develop more details. The Taliban claimed credit for the attack...

(CROSSTALK)

GEN. NICHOLSON: ... but, as you -- as you know, Helene, the Taliban and Haqqani are linked. So Siraj Haqqani is the deputy of the Taliban. So we tend to -- to look at them as one quite often. So, in -- in the level of sophistication and the way this attack was conducted -- it's quite possible that the Haqqanis were involved.

Q: Just to follow on this -- ISIS. Hi, Kevin Baron from Defense One. Just to follow, could -- you said you're achieving intended effects on -- on ISIS growing here. Can you say, then, for the record, does that mean that foreign fighters are not coming to -- to Afghanistan? Are your number -- are their numbers dwindling, or are they growing? What's ISIS ability to sustain it? In short, is -- is it the threat that many folks back home are -- are starting to think that it was becoming?

GEN. NICHOLSON: Well, ISIS is certainly a threat globally. ISIS Khorasan province is one of the principal affiliates of ISIS, and so they're attempting to establish their own form of a caliphate here by seizing and holding terrain.

As you're aware, we have begun -- we've been attacking that caliphate since last -- since early last year, reduced it by about two-thirds in size, reduced their fighters by at least half.

We've done this through a series of operations. The latest one started in early March -- continuous pressure on them, and we'll -- we're going to keep going until they're defeated in 2017.

Now, they have an aspiration, I think, to move fighters here from Syria. We haven't seen it happen. And, in fact, by reducing their sanctuary here, or by annihilating them here or (there ?), it should be very clear to ISIS main, there is no space for them to come to in Afghanistan.

Q: Thank you gentlemen for doing this. Thomas Gibbons-Neff from the Washington Post.

If you two could just address the influx of Russian weapons into Afghanistan

and -- and showing up in Taliban hands in Helmand, Kandahar and Urozgan, and what both of you -- I guess, General Nicholson on the tactical and strategic level, and Secretary Mattis on the, I guess, diplomatic level, political level of what you're going to do to stop the Russians from sending these weapons in?

SEC. MATTIS: Well, you know, the -- the Russians seem to be choosing to be strategic competitors in a number of areas. The level of granularity and the level of success they're achieving -- I think the jury is out on that.

I'll let the general talk about any of the specific weapons and all, but the -- the broader strategic framework that you're driving toward -- I would say that we will engage with Russia diplomatically. We'll do so where we can. But we're going to have to confront Russia where what they're doing is contrary to international law or denying the sovereignty of other countries. For example, any weapons being funneled here from a foreign country would be -- would be a violation of international law, unless they're coming through the government of Afghanistan for the -- for the Afghan forces. And so that would have to be dealt with as a violation of international law.

But if you have any information on the weapons, add another word?

GEN. NICHOLSON: The -- the only thing I would add to that is that we -- we continue to get reports of this assistance, and, of course, we had the overt legitimacy lent to the Taliban by the Russians. That -- that really occurred starting late last year, beginning through this process they've been undertaking. And, of course, as the Secretary stated, we support anyone who wants to help us advance the reconciliation process.

But, arming belligerents or legitimizing belligerents who perpetuate attacks

like we saw two days ago in Mazar-e Sharif is not the best way forward to a peaceful reconciliation.

Q: So, to be clear, you're not refuting that they're sending weapons to the Taliban?

GEN. NICHOLSON: No, I'm not refuting that.

SEC. MATTIS: Well, go ahead, please.

Q: General, Hans Nichols with NBC News.

The general sitting next to you is -- or standing next to you has said that we're at a stalemate in terms of the U.S. versus the Taliban. He's also requested thousands of more troops. Which one is it? Are you comfortable with the stalemate, or do we need more troops?

SEC. MATTIS: Frankly, I don't see any tension between those two things, those two factors. Right now, we're engaged in defining the challenge, the way ahead, with a whole lot of nations. And it depends -- there's no one nation that's going to carry all this, so there's a lot of collaboration. And that is based on an assessment of the tactical and operational challenge and where we want to be in what time.

So, to -- I'm not going to get into how you would characterize it in one word, but we are going to address that situation and move forward together against the terrorists. And that is exactly why we're meeting now.

And those -- obviously, I owe some degree of confidentiality on where my thinking's at and what I'm going to recommend once I've compiled my notes

from this trip and speak to some of our NATO allies about the way ahead.

Q: Let me ask that a slightly different way. Is NATO winning this conflict? And, if not, is it winnable?

SEC. MATTIS: The -- the bottom line is that this fight against terrorism is going to go on. You saw what happened in Paris. You see the French troops engaged down in Africa. You find the NATO -- the NATO-led force -- a lot more than just NATO -- here in Afghanistan. You see what's going on against ISIS in Syria. This fight is going to go on.

We're in an era of frequent skirmishing. It's going to be far-flung, and that's the -- the nature of this fight. And concise, short definitions in one local area or another do not give sufficient credit to -- to really defining the complexity of the issue.

STAFF: Sir, that's all the time we've got. We've got to get you to your next thing. Thank you, guys, very much.

SEC. MATTIS: All right, thank you.

- [H.A.S.C. No. 115-27]MILITARY ASSESSMENT OF THE SECURITY CHALLENGES IN THE GREATER MIDDLE EAST

[House Hearing, 115 Congress]

[From the U.S. Government Publishing Office]

[H.A.S.C. No. 115-27]

MILITARY ASSESSMENT OF
THE SECURITY CHALLENGES
IN THE GREATER MIDDLE EAST

COMMITTEE ON ARMED SERVICES

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

HEARING HELD

MARCH 29, 2017

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

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C O N T E N T S

STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Smith, Hon. Adam, a Representative from Washington, Ranking
Member, Committee on Armed Services.....
Thornberry, Hon. William M. ``Mac,`` a Representative from Texas
Chairman, Committee on Armed Services.....

WITNESSES

Votel, GEN Joseph L., USA, Commander, U.S. Central Command.....

APPENDIX

Prepared Statements:

Smith, Hon. Adam.....
Votel, GEN Joseph L.....

Documents Submitted for the Record:

[There were no Documents submitted.]

Witness Responses to Questions Asked During the Hearing:

[There were no Questions submitted during the hearing.]

Questions Submitted by Members Post Hearing:

Dr. Abraham.....
Ms. Stefanik.....

MILITARY ASSESSMENT OF THE SECURITY CHALLENGES IN THE GREATER M
EAST

House of Representatives,

Committee on Armed Services,

Washington, DC, Wednesday, March 29, 20

The committee met, pursuant to call, at 10:02 a.m., in room
2118, Rayburn House Office Building, Hon. William M. ``Mac''
Thornberry (chairman of the committee) presiding.

OPENING STATEMENT OF HON. WILLIAM M. ``MAC'' THORNBERRY, A
REPRESENTATIVE FROM TEXAS, CHAIRMAN, COMMITTEE ON ARMED
SERVICES

The Chairman. The committee will come to order.

Today, we turn our attention to the Central Command area of
operations, where much of the Nation's military power has been
engaged since 1991. While we are rightfully focusing attention
on other threats, such as a resurgent Russia and a newly
assertive China, the threat of terrorism has not gone away. In
fact, as we discussed at our hearing a few weeks ago, it is
difficult to see how ISIS [Islamic State of Iraq and Syria] is

totally eliminated from Syria, and Al Qaeda, with its various branches, has not disappeared either.

And while terrorists have physically spread out to more locations, some of them have become quite adept at operating online as well, instigating terrorist incidents in the West.

Of course, Iran poses a significant threat to regional stability, and none of us will forget about the essential fight to prevent Afghanistan from returning to be a base for terrorism. So there is much to occupy our witness today, and I appreciate his being with us to answer our questions.

I also want to mention one additional issue, which has been in the news lately. There have been a number of press reports about civilian casualties in Mosul related to U.S. aerial support of the Iraqi efforts to reclaim that city from ISIS. I would just suggest that everyone be cautious. In a dense urban environment, there may well be civilian casualties, and even the finest military in the world can make mistakes. But we also know for certain that ISIS uses innocent civilians as human shields, and that they can arrange civilian deaths to further their misguided narratives. ISIS uses such narratives to try to advance their cause and to curtail the effectiveness of our military campaign against them. I think we should always give the benefit of the doubt to the professionals who are working every day to keep us safe.

Let me turn to Mr. Smith for any comments he would like to make before turning to our witness.

STATEMENT OF HON. ADAM SMITH, A REPRESENTATIVE FROM WASHINGTON,
RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. Smith. Thank you, Mr. Chairman. I have a brief opening statement, which I will simply submit for the record. I echo the chairman's comments about how important this region is to our national security interests, and the challenges there are great.

The only issue I want to highlight, and hopefully have the general discuss a little bit, as we continue in Iraq, the problem, to my mind, continues to be that the Baghdad government is not inclusive enough of the Sunni population. I met with the Sunni tribal leader yesterday. You know, certainly Prime Minister Abadi is trying, whereas Prime Minister al-Maliki did not, but there has not been much improvement. There is still a feeling amongst the Sunni population that Baghdad is more--is closer to Iran than it is to their own Sunni population. And until we fix that problem, whatever happens in Mosul, whatever happens elsewhere, if you have a--you know, disgruntled, dissatisfied, pushed-aside Sunni population in Iraq, you are going to have fertile ground for ISIS or Al Qaeda or whatever extremist groups want to exploit it. So I am curious to hear what we are doing to try and reintegrate the Sunnis into the Baghdad government so that it is not a sectarian Shia government, but a government for Iraq. I think that will be a great challenge going forward.

And with that, I thank the general for his service and his leadership and look forward to the testimony.

I yield back.

[The prepared statement of Mr. Smith can be found in the Appendix on page 37.]

The Chairman. General, without objection, your full written statement will be made part of the record. And you are recognized for any oral comments you would like to make.

STATEMENT OF GEN JOSEPH L. VOTEL, USA, COMMANDER, U.S. CENTRAL COMMAND

General Votel. Thank you, Chairman Thornberry, Ranking Member Smith. For the members of the committee, before I do get into my short statement here, I do want to highlight for you, we have put a map at your--each of your spaces here. There is coverage on both sides. You will see the back side really

focuses a little bit on the Iraq and Syria piece there, and the red kind of blotches kind of highlight where we think ISIS is located currently.

Chairman Thornberry, Ranking Member Smith, distinguished members of the committee, good morning and thank you for the opportunity to appear here today to discuss the current posture and state of readiness of the United States Central Command [CENTCOM]. I come before you today on behalf of the outstanding men and women of the command; military, civilians, and contractors along with our coalition partners from nearly 60 nations. Our people are the very best in the world at what they do, and I could not be more proud of them and their families. Without question, they are the strength of our Central Command team.

I have been in command at CENTCOM for about a year now. It has been an incredibly busy and productive period. Over the past 12 months, we have dealt with a number of significant challenges in Iraq and Syria, Afghanistan, Pakistan, Yemen, Egypt and the Sinai, the Bab-el-Mandeb Strait, and elsewhere throughout our area of responsibility.

We are making progress in many areas, but much, much work remains. We are also dealing with a range of malign activities perpetrated by Iran and its proxies operating in the region. It is my view that Iran poses the greatest long-term threat to stability in this part of the world.

Generally speaking, the Central Region remains a highly complex area, widely characterized by pervasive instability and conflict. The fragile security environments, which reflect a variety of contributing factors including heightened ethno-sectarian tensions, economic uncertainty, weak or corrupt governance, civil wars, and humanitarian crisis, are exploited by violent extremist organizations and terrorist groups, such as Al Qaeda and ISIS. These groups have clearly indicated their desire and intent to attack the U.S. homeland, our interests abroad, and the interests of our partners and allies. At the

same time, the Central Region is increasingly crowded with external nation-states, such as Russia and China, who are pursuing their own interests in attempting to shift alliances within the region.

The point that I would emphasize to you is that while there may be other more strategic or consequential threats or regions around our world, today, the Central Region has come to represent the nexus for many of the security challenges our Nation faces.

And most importantly, the threats in this region continue to pose the most direct threat to the U.S. homeland and the global economy. Thus, it must remain a priority and be resourced accordingly. We sincerely appreciate this committee's continued strong support and particularly as it pertains to our budget requests and the funding provided, not only to be CENTCOM, but across the Department of Defense. We could not do what we do on a daily basis without that support.

Meanwhile, the team at U.S. Central Command remains appropriately focused on doing what is necessary to protect our national interests and those of our partners. Our strategic approach is very straightforward: Prepare, pursue, and prevail. And I will explain what I mean by that. We prepare the environment to ensure an effective posture and strong relationships across the region. We actively pursue opportunities to strengthen relationships and support our interests. And when we do put our forces into action, we prevail in our assigned missions.

I would also point out to you that today, to the credit and professionalism of our Armed Forces and coalition partners, we are executing campaigns in the Central Region with significantly fewer U.S. forces on the ground than in previous years. As you are seeing clearly demonstrated in Iraq and Syria, Afghanistan, Yemen, and elsewhere throughout our area of responsibility, we have adopted a ``by, with, and through'' approach that places a heavy reliance on indigenous forces.

While this approach does present some challenges, and can be more time-consuming, it is proving effective and is likely to pay significant dividends going forward.

Indigenous force partners continue to build needed capability and capacity, and they are personally invested in the conduct of operations and, thus, inclined to do what is necessary to preserve the gains they have achieved going forward. We also have a vested interest in insuring increased stability and security in the strategically important Central Region. To this end, I will close by highlighting three areas where I do believe if we apply the appropriate amount of energy and effort, we can and will have a lasting positive impact in this part of the world.

First, we must restore trust with our partners in the region, while at the same time maintaining the strong trust of our leadership back here in Washington. The fact is, we cannot surge trust in times of crisis, and we must do what is necessary now to assure our partners of our commitment and our staying power.

Second, we must link our military objectives and campaigns as closely as possible to policy objectives, and to our other instruments of national power. In other words, we must align our military objectives and soft power capabilities with desired national and regional strategic end states, recognizing that if we don't do this, we risk creating space for our adversaries to achieve their strategic aims.

Finally, we must make sure that we are postured for purpose in this region. We must have credible, ready, and present force coupled with foreign military sales and foreign military financing programs that serve to build and shape partner nations capability in a timely and effective fashion.

Ours is a challenging and very important mission. Much is at stake today in the Central Region. We recognize this fact, and I assure you that the CENTCOM team stands ready and willing to do whatever is necessary to protect our national interests

and the interests of our allies and partners.

Let me close by thanking this committee once again for the strong support that you continue to provide to the world-class team at United States Central Command, and particularly to our forces located forward in the region.

As I said at the outset, the 80,000-plus soldiers, sailors, airmen, marines, Coast Guardsmen, and civilians that make up the command are truly the very best in the world at what they do, and I could not be more proud of them and their families. And I know that you are proud of them as well.

Thank you, once again, and I look forward to answering your questions this morning.

[The prepared statement of General Votel can be found in the Appendix on page 39.]

The Chairman. Thank you, General. And you are right, we share your pride in them and in what they do.

As we chatted just briefly before the hearing, you expressed interest in addressing some of the press stories regarding civilian casualties, especially in Mosul. Let me invite you to do that at this point.

General Votel. Well, thank you, Mr. Chairman. And I appreciate the opportunity to talk a little bit about this right up front.

First off, I want to emphasize to everybody here, all the members, that these are absolutely tragic and heartbreaking situations, and our hearts go out to the people of Mosul, and of Iraq, and other places where we are operating.

We acknowledge our responsibility to operate at a higher standard. It is my responsibility, as a combatant commander, to ensure that our forces operate in accordance with those goals and standards. We take every allegation seriously, and we are executing a--what we have and are executing a well-developed process to assess and, if necessary, investigate each of these allegations.

How we do things is as important as the things we actually

do, and we are doing everything humanly possible to prevent these types of events and incidents from occurring as a result of our operations.

I do agree with Lieutenant General Townsend's comments yesterday--he is our commander on the ground in Iraq--when he said that there is a fair chance that our operations may have contributed to civilian casualties, but I would highlight to each of you that this investigation continues, and there is still much to learn from this.

We have a general officer assigned as the investigating officer to help us address and understand and discover the facts of this case.

We were able to visit the actual site yesterday, and gathered both additional evidence and perspective on this situation. In addition, we are reviewing over 700 weapons systems videos over a 10-day period to ensure--over a 10-day period that followed this alleged incident, to ensure that we understand the effects of the munitions we dropped in this vicinity. This should be an indicator to you of how intensive a combat situation this is.

The investigation will look at command and control; will look at the munitions we employed and the fusing for those munitions; it will look at intelligence; importantly, it will look at the behavior of the enemy; and it will look at how our actions may have played a role in any civilian casualties.

The investigation will confirm or deny our initial impressions and highlight the lessons learned. And while we consider and establish accountability over our actions in this incident, I think it is also important to clearly recognize that the enemy does use human shields, has little regard for human life, and does attempt to use civilian casualty allegations as a tool to hinder our operations. And so they bear responsibility for this as well.

The nature of this fight has evolved over the course of the operation, and on this 2\1/2\--year campaign. And our approach

has evolved as well. One example of how we have evolved has been our effort to enable and entrust our leaders at the tactical edge with the authorities they need to help our partners win.

We have not relaxed the rules of engagement. I have authorized Lieutenant General Townsend to delegate the employment of rules of engagement to the appropriate level due to the tough urban fight that we knew was coming in Mosul. To be clear, there were no changes to the types of targets and the rules of engagement that allows us to engage. We are aware of all of the reporting, especially by organizations like Amnesty International, Airwars, the Center for Civilians in Conflict, and the Syrian Observatory for Human Rights, and we have developed relationships with a number of these organizations, and we look forward to working with them as we complete this investigation.

Thank you, Mr. Chairman.

The Chairman. Let me just ask about a couple of the things you just said, because as you recognized, there is widespread reporting that the rules of engagement have changed, and the implication is now we are carelessly dropping bombs and killing civilians. But as I thought I heard you pretty clearly, the rules of engagement have not changed. Is that correct?

General Votel. That is correct, Mr. Chairman.

The Chairman. And you have a long experience in Iraq and dealing with this enemy. How would you describe their ability to create and further narratives that they see is in their interest?

One example that stuck in my mind, I remember in Iraq that after a raid or something, the enemy came and deposited dead bodies, and then brought cameras in to make it look like they had been killed as a part of the raid, when, in fact, they hadn't. They were brought in after the fact. So just describe the sophistication of their efforts.

General Votel. Thank you, Mr. Chairman. And I would—I

would agree with you, that the enemy that we have faced in Afghanistan, in Iraq, Syria, and other places here is particularly savvy in how they use information operations. ISIS, in particular, is well-skilled in this. They have professionals, if you will, who have expertise in this particular area, and so they know how to manipulate the information environment and create situations that they know will cause concern for us in Western countries.

And as I mentioned in my comments to you, I do believe they do attempt to use our concern to operate at higher standards and to prevent civilian casualties as a way to distract our campaign. So I think it is important that we recognize that. That has not changed how we approach things. It doesn't change our values. It doesn't change our adherence to the law of armed conflict and the fact that we do operate at a higher standard. But I think it is an important thing to recognize about our enemy.

The Chairman. Well, I will just conclude by saying, we want to be informed of the results of the investigation. We share your commitment to make sure we do things the right way. And so--but the investigation needs to occur, and then you see what it finds.

So I will trust you and your folks to keep us fully informed once you are able to reach conclusions on that.

Let me yield to the ranking member.

Mr. Smith. Thank you, Mr. Chairman.

If you could answer the question I raised in my opening statement about, you know, where the Sunni population in Iraq is at right now, because it sounds like it is still a very deep divide. And while I, you know, concur with the chairman's comments about the civilian casualties in Mosul, I know that the Sunni population is concerned about the fight that is going on there and the loss of life that is happening from both sides.

They are also concerned about the presence of Shia

militias, Iranian-backed militias, and basically, the general feeling that this continues to be a Shia-run country that is not making room for the Sunnis, and that, you know, undermines our entire effort, I think, to defeat these groups. Is that an inaccurate portrait? Is it better than that? And what are we doing to try to fix what problems remain?

General Votel. Congressman, the way that I would characterize it is, I think in the near term here, as Iraq and assisted by the coalition confronts the ISIS enemy that they are dealing with, there has been some level of local accommodation, some cooperation, some collaboration between different groups, really focused on doing this. I would cite to you our continued efforts to raise tribal forces to bring hold forces into these areas, particularly Sunni areas as--after they had been cleared, we have seen some success with that.

But I would agree with you that long term, there is still much work to be done. I know in my interactions with the prime minister, we frequently talk about this. I know he is very concerned about it, and--but also, I think recognizes the balance that will have to be achieved here in the region with a variety of different interests that are ongoing. And so, I think he clearly recognizes that.

But I would agree with you, more will need to be done to ensure that the Sunni population feels engaged, empowered, and a part of--part of the Government of Iraq and of the Iraqi people.

Mr. Smith. Quick question on that. The issue of arming the Kurds or other Sunni tribesmen, there was, you know, frustration expressed, they weren't able to get those arms directly, and it is our position, our country's position, that all of that has to go through Baghdad, basically. Then I--I understand that to a certain degree.

Is that accurate? And how is that impacting the ability to arm the Kurds and the Sunni tribesmen that we want to fight with us?

General Votel. I believe we have made some--we have made good progress on that over the last year. There certainly were some issues with that in the past in terms of how that was done, but particularly as we got focused on the operation for Mosul, I think we saw a high level of collaboration and coordination between the Kurdistan Regional Government and the Government of Iraq, particularly as they prepared their plans and prepared their forces for that operation.

And I would highlight to you that I think one of the--one of the key successes here, and I think this has influenced the Government of Iraq, is the--is a high level of coordination that took place at the military level and security levels as that operation gets underway, and that continues to this day. And I do believe that is a basis for moving forward. That said, it is something that we continue to keep our--keep our eye on.

Mr. Smith. And then looking up to Syria, as we--you know, people prepare for the attack on Raqqa, there is the great question of, you know, you have got the Turks involved there, you have got the Kurds involved there, but they don't get along. When we are trying to figure out what our coalition is in Syria, particularly going after Raqqa, how are we currently deciding the issue between the Turks and the Kurds?

General Votel. Well, there is engagement at the high political level that is taking place. And as you are well aware, the chairman has been a champion for us in working at the chief of defense level and back and forth. We have, from a CENTCOM standpoint, working in conjunction with European Command, we have increased our interaction in Ankara to ensure there is good visibility on the things that we are doing.

And we certainly recognize Turkey's interests and concerns with us. They are a great partner here. We couldn't do many of the things we are doing without them.

That said, the most effective force that we have right now in Syria is the Syrian Democratic Forces that consists of both Kurds and Arabs, Turkmen, and, in some cases, some Christian

organizations.

Mr. Smith. Thank you, Mr. Chairman. I yield back.

The Chairman. Mr. Wittman.

Mr. Wittman. Thank you, Mr. Chairman.

General Votel, thanks so much for joining us today. I want to get your perspective on what might happen in the future. We see today success happening in Mosul, with pushing out and defeating ISIS forces, both with our forces and with Iraqi forces. The question then becomes, I believe, in the future is what happens after that? And while ISIS is a concern, I believe that Iranian-backed Shia militant groups are an even greater concern. We don't hear a lot about that today, but I do believe that they are a significant issue. The IRGC [Islamic Revolutionary Guard Corps] commander, Qasem Soleimani, commander of the Shia militant groups in that region, I believe, with Iranian backing, has visions about what would be happening in the future as ISIS has moved out.

Today, as we speak, Iran and the U.S. have common interests in defeating ISIS. The question, then, becomes once ISIS is defeated, Iran has in mind to recreate the Shia Crescent through that region. So by pushing out ISIS, and with the question about how governance takes place after that with the existing government in Iraq, what do you see as the future with us ultimately defeating ISIS, and what happens with these Iranian-backed Shia militant groups, and what happens there, too, with the Iraqi Government in trying to reestablish some kind of governance and control in those regions sans ISIS?

General Votel. Thank you. Thank you, Congressman. I share in your concern about Iran and their long-term intentions here. Certainly, with 100,000-plus Shia militia members on the ground there, this is an extraordinarily--it is an extraordinarily concern, big concern as we move forward.

I--we are engaged, and I know the embassy is well engaged with the Government of Iraq as they look to implement a paramilitary force law in their country. The prime minister, I

know, has appointed a committee that is working through this aspect of it. We certainly have provided advice into that. We have given examples of how we employ national guards and other things here and how we would look at that.

Our concern, I think, with that particular aspect is that the PMF [Popular Mobilization Forces], the paramilitary forces that remain behind, don't become duplicative to the counterterrorism service or to the Iraqi army and those types of things, and that there is a valid role for them, and that they do answer to the government, and that they remain, like the other security services, an apolitical entity, and, so, our very strong focus is in that particular--particularly with respect to the Shia PMF.

Mr. Wittman. Staying on the theme of Iran, looking there in the Arabian Gulf, and more specifically, recently in the Straits of Hormuz, where we had four Iranian mass-attack vessels swarm the USS Mahan, there is a concern about that continued effort, and what they are trying to achieve with that, and what our actions are, or reactions to that might be.

Give me your perspective, first of all, about the frequency of those attacks. What is Iran trying to achieve with that? Those probing maneuvers as I see them, I think, are very indicative of what Iran, I believe, is likely to try to achieve in that area, and that is to harass our ships just enough to stand us off.

Give me your perspective on what you think the Iranians are trying to achieve there and what our reaction to that is, or what we are doing to try to prevent that.

General Votel. Yes. Direct to your question, I think Iran's objective here is to be the regional hegemon. They want to be the predominant power in the region. There is no doubt about that, and I think that is what they are pursuing.

One of the very first things I did after becoming the commander at CENTCOM was to get on a ship and go through the Straits of Hormuz. As an Army guy, I wanted to understand what

this was. And, frankly, the Iranians did not disappoint. Within 30 minutes of being on there, we had boats surround us in the area. I had a chance to observe our ship captain and crew and how they respond to that, and since I have had a chance to see that on a number of different occasions and I get normal reports on it.

I will tell you, Congressman, I am extraordinarily confident in our leaders and in the processes, procedures, and capabilities they have to properly defend themselves.

The presence of these types of boats out there very seldom, if ever, prevent us from accomplishing our missions. I think what they are out there to do is to demonstrate their presence, to, in some cases, potentially be provocative. I think as we--you know, if you look over a course of a year, I think you see probably 300-plus incidents of this kind of nature. About 10 to 15 percent of those we would classify as being abnormal, meaning outside of their normal pattern of life; unprofessional, meaning they are not following proper maritime procedures; or unsafe, meaning that they put themselves or they potentially put our vessel and our crews at risk.

And so, we are paying extraordinarily close attention to this, but I feel very confident in our ability to protect ourselves and continue to pursue our missions.

Mr. Wittman. Very good. Mr. Chairman, I yield back. Thank you.

The Chairman. Mrs. Davis.

Mrs. Davis. Thank you, Mr. Chairman.

General, thank you for your service. I want to turn to Afghanistan. What kinds of support are the Russians sending to the Taliban, and how direct is their involvement? What does that mean about our ongoing conflict there?

General Votel. Congresswoman, I think there is a lot that we don't know about what Russia is doing. I think it is fair to assume they may be providing some kind of support to them in terms of weapons or other things that may be there. Again, I

think that is the possibility.

I believe what Russia is attempting to do is they are attempting to be an influential party in this part of the world. Obviously, they do have some concerns, because it is in--it is close to former Soviet states that they consider to be within their sphere, so there is some concern about that. But, in general, I don't consider their outreach and linkage to the Taliban to be helpful to what we have been--what the coalition has been trying to accomplish for some time now in Afghanistan.

Mrs. Davis. Could you share with us in your--the state of that accomplishment that you could talk about in this setting?

General Votel. In Afghanistan? Well, I think--I think we have pretty well established, we are at a stalemate right now. Right now, I would say that it is in--generally, in favor of the Government of Afghanistan, but stalemates have a tendency to decline over time. So I think we do have to--we have to continue to support this.

We have two missions in Afghanistan. One is our counterterrorism mission, fully resourced. That is going pretty well. I feel very confident in that. The other one is the NATO [North Atlantic Treaty Organization] mission, the train, advise, and assist. That is one where I think we ought to consider looking at our objectives here and how we--how we continue to support that mission going forward and ensure that the Government of Afghanistan has the time and the capabilities to accomplish what they need to.

Mrs. Davis. Yeah. Clearly, I think the governance piece is important. We have, obviously, been working on that as well for some time. But there is a great deal of concern that it hasn't been as robust as is needed in that setting, and I am not sure that I would believe that that is going to increase. I think, if anything, it is probably going to decrease.

Can you comment on that and the importance of that mission?

General Votel. Well, I think that--that, certainly, is a

topic under discussion now with the Secretary of Defense and General Nicholson and myself and the chairman right now. So we are in the process of going through a review of our posture in Afghanistan and how we ought to--how we ought to look at that going forward. I think it is still kind of predecisional at this point, so I am not sure I want to get out in front of the Secretary in announcing anything in particular. But it is a key topic here and one that Secretary Mattis has been very engaged with us on.

Mrs. Davis. Thank you. One of the concerns as well is that the administration now has not been filling all the positions for that region, both--military, perhaps, is more covered than in other departments. But I wonder if you feel that these gaps are becoming problematic, and what should we be doing about it?

General Votel. Well, Congresswoman, I have the benefit of having a Cabinet Secretary who previously held my job, and so he understands the region that I--that I am operating in right now. And I--and we have a very open and communicative relationship here, and so I feel I am getting everything that I need from the Department at this particular juncture.

So I can't tell you that I have--I have been disadvantaged while the transition completes and gets in place.

Mrs. Davis. Thank you. And just following up on my colleague's question earlier about how we are planning for what comes next in Iraq. What is it going to look like? And what is the extent of that planning? You know, how would you see that right now?

General Votel. Well, I think, as I mentioned in my opening statement, I think this has to be--it has to involve more than just the military. And in my advice to the Secretary and the chairman as we began to look at how we move forward in these areas, my principal piece of advice was we have to look at the political preparation of these particular--of these areas and make sure that we are addressing some of these long-term issues, like we talked about a few moments ago, how we

accommodate the different parts of the population; how we have a plan for governance.

There is a lot that the military can do, but it is extraordinarily important that our diplomats, our Department of State, our other development agencies, others are involved in this particular process as well, and that we have a very----

Mrs. Davis. My question----

General Votel [continuing]. Smooth process.

Mrs. Davis [continuing]. Is are they?

General Votel. I believe they are. I feel very confident we are working with our partners on this.

Mrs. Davis. Thank you.

The Chairman. Mr. Coffman.

Mr. Coffman. Thank you, Mr. Chairman. And, General, thank you so much for your long service to this country.

I think it was raised earlier about the concerns about the Sunni Arab population. I mean, the fact is that after we left the country in 2011, that the Shia-dominated government reverted to their worst sectarian tendencies, and I believe pushed out the Sunni Arabs from the government and created an opening for ISIS to spill across the border from Syria and to capture those areas with little to no resistance, because it was simply no loyalty to the government of Baghdad.

In the Iraqi constitution, there is a provision that was insisted by the Kurds--insisted by the Kurds that allows provinces to band together and to create semi-autonomous regions. Should, in fact, the Sunni Arabs look at that, and should we encourage that? It just seems like without a path where they have some say in--they are only 20 percent of the population--in their future--essentially, right now, all the revenue, basically, is from oil, most of the revenue, and so--and that is distributed by the central government out of Baghdad. So it is a tough position that they are in. And so do you have a view on that particular issue?

General Votel. Look, Congressman, as you know, our policy

is one--one Iraq right now. And so that is--as we apply our military operations, that is the context in which we--which we do that.

I would agree with you, though, that there has to be a very serious look at this, and there has--we have to ensure that the different parts of Iraq are represented in their government, in other things that are in their military and other security apparatuses, and other aspects and they have an opportunity to take advantage of the economic opportunity that is available in Iraq. So I certainly think there has to be much--a broader discussion about how we do that.

Mr. Coffman. Yeah. I would hope that would be something that our government would look at from your standpoint, from a diplomatic standpoint, in terms of encouraging the government. Because the fact is, it is still the vertically integrated government that we had left--that was in place, you know, prior to the fall of Saddam Hussein, where, really, all decisions are centralized out of Baghdad. I mean, there is no system of taxation at the provincial level. And so, I just think that a decentralization of authority that the Kurds now enjoy would be great for the Sunni Arabs, and I would just like that to be something that we look at.

And I would express my same concerns, having served there in 2005, 2006 for the Marine Corps, that the ranking member expressed in that this is a tough situation for the Sunni Arabs in that region, and the friction between the Shia militias that are Iranian-backed and that local population is not to be discounted. And, again, it is alienation from ever feeling that they are a part of the Iraqi Government.

Thank you, Mr. Chairman. I yield back.

The Chairman. Mr. Larsen.

Mr. Larsen. Thank you, Mr. Chairman.

Thank you, General, for coming today. Initially, in your answer to your first question about the Mosul incident, you said that you are going to assess, and if necessary,

investigate. Can you help me understand that distinction from your perspective, what that means for us?

General Votel. Absolutely. So, you know, this is, unfortunately, not the first time we have had allegations of civilian casualties in CENTCOM. And so what we do have is a process in place for how we--how we have standardized process for how we look at this. When we get--it starts off with the receipt of an allegation. We get allegations from all over the place. We get it from the news. We get it from social media. We might get it from people on the street. We might get it--we may--much of it is self-reported if we see something, so we get an allegation.

What we do then is we do what we call a credibility assessment. And the intention there is to do an initial review of the facts and circumstances to merit, make a determination about whether we need to move to a more fulsome investigation.

And so what we have--in this particular--and then if we make that determination, then we move to an investigation. And so for the incident that I was talking about here in Mosul, we have taken that step. We have decided, hey, there is--as you heard General Townsend acknowledge yesterday, there might be something here. We might--there is a fair chance that we may have contributed to this, and so now we have moved to the investigation phase.

So it will be a more formalized approach to really look into the details of this as much as we can to establish what happened, establish what the facts are, identify accountability, and then certainly identify the lessons learned out of that.

Mr. Larsen. And you mentioned on the criteria that you are looking at, there is command and control, there was a few others. What were those?

General Votel. Thank you. So, you know, we will look at command and control. We will look at the intelligence that we had. This was a very dynamic situation. This wasn't a

deliberate target or anything else. This was an evolving combat situation. So we will take a look at the intelligence that was provided to us by the Iraqis that we had. We will look at the enemy's reactions here, and we will try and understand exactly their role in this. We will look at the munitions that we employed here, and we will look at the fusing options. You know, you--we do have the technology, largely supported by Congress here, to have munitions that can be very specific.

I think as you heard General Townsend say yesterday, the munition that was employed here should not have created the effects that we--that have been observed. So that causes us to look at that to see if there are other things that may have contributed to that as well.

So what we do is try to be more--very complete in the investigation. It takes a little bit of time, but we usually have a pretty good answer at the end of it.

Mr. Larsen. All right. Thanks.

I am going to switch gears here to Yemen. And could you just briefly describe the U.S. security objectives in Yemen for us?

General Votel. Well, thanks. I think there are two principal interests that we are concerned about in Yemen right now. One is that Yemen is not used as a platform or a sanctuary for attacks on the homeland. And that gets to our focus on Al Qaeda in the Arabian Peninsula, Al Qaeda in Yemen.

This is the franchise of Al Qaeda that has demonstrated in the past the ability to try to attack our homeland, and some of those people are still--exist there. So that is a key aspect of our interests here. And so our operations are focused on disrupting Al Qaeda there.

The other key interest that we have in this particular area is freedom of navigation. On the western coast of Yemen, between it and the Horn of Africa, is the Bab-el-Mandeb. It is an extraordinarily restrictive strait. It is a chokepoint. It is a major transit area for commerce, not only ours, but for

international ships. About 60 to 70 ships go through there a day.

What we have seen is we have seen, I believe, at the--with the support of Iran, we have seen the migration of capabilities that we previously observed in the Straits of Hormuz, a layered defense, consists of coastal defense missiles, radar systems, mines, explosive boats that have been migrated from the Straits of Hormuz to this particular area right here threatening commerce and ships and our security operations in that particular area.

Mr. Larsen. Just can you--do you assess that we will be able to stay with those objectives, and we won't be dragged into other--other people's goals?

General Votel. Well, of course, as you know, there is a civil war ongoing right there, that is playing out between a Saudi-led coalition and an Iranian-supported element. And so, there--you know, we provide some indirect support to that. Obviously, this is something we are paying very, very close attention to. While that rages, it does have--it does have some impact on our other--on our principal interests in this area, so I think we do have to pay some attention to that.

Mr. Larsen. Thank you.

The Chairman. Mr. Cook.

Mr. Cook. Thank you, Mr. Chairman.

It is going to--next month or so, it is going to be very intense here in Washington. Obviously, there has been a lot of talk about health care. But there is also something looming, at least in my mind, that is going to have direct implication on you, and that is the continuing resolution. That is the budget that we have got to pass to support you.

And I am going to be very candid. You don't have to answer totally. I think you can kind of see this one coming, but a number of us are very, very worried about the readiness indicators, about--we had folks in talking about maintenance. You have got a large area, a large military, and everything

else. And if we don't do this correctly, to the best--can you give us an evaluation, the impact in terms of readiness, tempo of ops, and the ability to conduct your mission?

General Votel. Thank you, Congressman. And so, first off, you know, I--the support that I get from the services is extraordinary. They give me everything that I ask for, and I have been well taken care of by that. But I share your concern on the impacts of a continuing resolution on the services and on SOCOM [Special Operations Command] that really provide the capabilities that a combatant commander like I need to have. And so, I am concerned when we are not able to pursue long-term programs and fund them and approach them over time, I am concerned with the impacts that continuing resolutions and other instruments here have had on readiness.

For example, I just--I look at the MEU/ARGs [Marine expeditionary units/amphibious ready groups] that the Marine Corps provides into my area as well as into the AFRICOM [Africa Command] and EUCOM [European Command] area. They don't come with all of the same number of helicopters that we have had in the past. I believe that is a readiness issue, and it impacts my ability to have flexibility and agility and react to things in the area. So I am very concerned about this.

And while, you know, I--the money won't necessarily come to me, it goes to the people that provide me the capabilities that I need to pursue our objectives, and so I am very concerned about this.

Mr. Cook. I want to switch gears a little bit. I am also on Foreign Affairs. And, you know, we have the issue that continually pops up about the foreign military sales, and last year, looked at the replacement for the Saudis, the number of M-1 battle tanks that they had lost. And sometimes--you have alluded to it, there was a question about Yemen and everything else and the toll that that has taken there.

Do you influence at all with the State Department foreign military sales, particularly for some of our allies that would

obviously contribute to your ability to conduct your mission?

General Votel. Congressman, we absolutely do. We do that through our security cooperation offices that are located in many of these countries, almost all of the countries that we have here. And I would share your--share your concern about this. FMF [foreign military financing] and FMS [foreign military sales] are extraordinarily important programs for us.

From my perspective as combatant commander, what I want to try to do is build capability for our partners to do the things--to provide their own security and then to be integrated with us. And I am concerned when we choose not to sell our systems, provide them to them. They will go somewhere else to get them, and they will get lesser systems. They won't get the sustainment, they won't get the training, and we won't be integrated. And it doesn't help us. So I think we have to recognize that this is an important part of our security cooperation aspect, and we can't completely define our FMF, our FMS systems as something to try to change people's behavior.

That is certainly an aspect of it, but it has got to be focused on building capability, in my mind.

Mr. Cook. Thank you, again, for your service and for your candidness. I yield back.

The Chairman. Mr. Courtney.

Mr. Courtney. Thank you, Mr. Chairman.

And thank you, General, for your testimony this morning. I just wonder if you could help clarify what is going on right now in terms of increased deployments in Syria. Again, this month, again, from a whole variety of news outlets, it was reported about 4- or 500 marines were deployed, new marines, new contingent of marines this month. You know, why was that decision made, and what is their mission?

General Votel. Thank you. So, Congressman, what we are constantly doing is this is an evolving campaign, and we are--you know, the enemy changes, we change, and the situation changes a lot on the ground. What we are constantly trying to

do is assess what our requirements are and how we best support our partners through our, kind of ``by, with, and through'' approach, and make sure we have the capabilities to fully enable them and to help them win. So there is a constant process of assessing what we need.

I demand that our leaders forward--General Townsend, in this particular case, provides rationale for the additional capabilities that he needs, and that we have very, very clear roles and missions for the things that we are bringing forward.

And so what we--we do have a very deliberate process. What you have seen here most recently are not things that just came up relatively quickly. These have been things that we have anticipated for some time, the--you cited, for example, the marines, and some of the artillery organizations. We have recognized that as we continue to pursue our military objectives in Syria, we are going to need more direct, all-weather fire support capability for our Syrian Democratic Force partners. And so this--that is what you are seeing. So they have deployed. They are helping us with that particular aspect. They are also helping us with some of our logistics capability in Syria.

Syria is a fairly immature area for us in terms of that, so we don't have a big infrastructure like we have in Iraq or some other places here, so we do need some help in those particular areas.

So I--what I can assure you is that there is a rationale, and there are specific roles and missions for all of these capabilities that we are bringing.

Mr. Courtney. So--well, thank you for that answer. Again, I don't actually want to second guess your sort of military judgment, but what I would--it sounds like, you know, they are starting to get much, sort of deeper involved in the fight in Raqqa. And I guess--you know, we voted a couple of years ago in this committee in defense authorization bills have been extending title 10 authorization, which, in my opinion, as

someone who supported that, it was not about troops--you know, boots on the ground, direct military involvement, but this sounds like we are sort of creeping in that direction.

General Votel. Congressman, I think what I would tell you is that we have not taken our eye off of what our principal mission is, which is advise and assist and enable--enable our partners. And, so, I think that is what you continue to see with all of these deployments right here.

We are not--we have--one of our key principles here with our folks forward is to help our partners fight but not fight for them. And so, as we continue to bring these additional capabilities in, these are things that we emphasize. So they do fit into our continuing mission of advise, assist, and enable our partners.

Mr. Courtney. Thank you.

Again, I mean, there is a larger question here about the fact that I think the authorization of use of force is long overdue for a revisit, but that is our problem, not on your side.

During the time you have been at Central Command, the carrier gap phenomenon has been occurring, again, from, I think, 2007 to 2015, we had continuous presence of carriers and air strikes against ISIS. I mean, how are you coping with that?

General Votel. Thank you for bringing it up. I think this is another example of some potentially readiness concerns here.

So the way that we do that is, what we have done is we have worked with--through our air and maritime commanders in theater. So we have, on occasion, brought in additional air force organizations to help fill in the gap in those particular cases. We just completed that with a squadron from the United States that came in and did an exceptional job for us for about 90 days. And we also look to our allies, our partners, to do this. The U.K. [United Kingdom], the French, have surged some of their ships down in this particular area to help make up for this gap as well.

So this is a constant management process for us. We expect to do this now. It has been vital to our operating here. We are always looking for ways we can kind of balance out what our requirements are with the whole joint force, whole joint and combined force that is available to us.

Mr. Courtney. Thank you.

The Chairman. Dr. Wenstrup.

Dr. Wenstrup. Thank you, Mr. Chairman.

Thank you, General, for being with us today. We appreciate it very much.

You know, we perceive that we are in the process of increasing our--and/or our allies' capacity and capabilities in the fight against ISIS right now.

I am curious, what is the conduit for this committee to get some knowledge on number of personnel needed? And I don't need exact number, and I don't like when we have caps, because we end up using contractors instead of our troops, sometimes cost more. But just trying to get some understanding of what you need as far as personnel and what we need to execute the mission so that we can somewhat justify the expenditures that may be involved with that.

General Votel. Well, Congressman, I think we have a closed session right after this, and I would be happy to talk with you in great detail about the advice that I provide and what we think we--what we need and what we have talked about with our leadership.

Dr. Wenstrup. I appreciate that.

Another question is General Scaparrotti the other day mentioned something about Russia's influence in Afghanistan increasing. What is your understanding of their influence, and how does it change your efforts?

General Votel. I--it hasn't significantly altered our approach here at this particular point, but I think what they are attempting to do is they are attempting to be an influential third party here in Afghanistan. I think they are

reaching out to the Taliban, and they have made the decision under their own determination that the Government of Afghanistan and the coalition that supports them is unable to solve the concern about ISIS, and I think they are much more concerned about ISIS and the potential that has to move into the Central Asian states, and potentially have an impact on them. And so, they have created a narrative that we really have to partner more with the Taliban to address this particular threat.

And they are trying to leverage that into a bigger role in terms of, I think, trying to pursue peace agreements and other things with the Taliban.

Frankly, I don't consider it to be particularly helpful at this particular point to what we have been doing and the process that we have been using.

Dr. Wenstrup. So does that change your behavior in any way with their presence?

General Votel. I don't think it has changed our behavior. We have been working with our Afghan partners. We have been extraordinarily focused on the Islamic State as it has emerged in Afghanistan. It has, I believe, had a significant amount of success against them. We have reduced them from about 15 districts that they are operating in to about 2. We are targeting a lot of their leaders right now. We have persistent pressure on them all the time. So it has not--it has not impacted our approach.

Dr. Wenstrup. Okay. Thank you, General. I appreciate it. I yield back.

The Chairman. Ms. Tsongas.

Ms. Tsongas. Thank you, Mr. Chairman. And it is good to have you with us today, General.

I appreciate very much you taking the time here. I want to thank you for your service to our Nation, as well as the remarkable women and men who are serving in some of the most contested parts in the world. We are forever grateful.

And I appreciated listening to your opening statement as well as reading your written remarks, which I think illustrate so clearly the threat posed by ISIL [Islamic State of Iraq and the Levant], Al Qaeda, and other affiliated groups in the region, and certainly make clear that there are no easy answers given the seriousness and complexity of the challenge to reverse ISIS' gain.

But I am also concerned about the steady buildup of U.S. forces in the region, most especially in Syria, absent a robust debate in Congress on an authorization for the use of military force, something Secretary Mattis called for last week before the Senate Armed Services Committee, and I was glad to see that.

I am concerned that additive deployment may lead to an expansive, open-ended commitment. I think you have referenced an evolving campaign, that could have long-term consequences raising substantial and unpredictable risks that haven't been fully considered or endorsed by Congress as a whole.

I am also mindful of the human toll in the countries where we are waging the fight against ISIL and how mounting civilian casualties, tragic in and of themselves, as you yourself said, can ultimately work against our long-term interest in setting the conditions for stability.

And I appreciate your redressing--addressing it in your open remarks, but I also appreciate the important work that international groups are playing in monitoring civilian casualties.

As reported in The Washington Post yesterday, quote, ``According to Airwars,' ' a group that you are familiar with, which is a British monitoring group, ``the frequency of civilian deaths alleged to be linked to U.S. strikes in Iraq and Syria has now outpaced those linked to Russia. The scrutiny has been compounded by a string of high-profile reported U.S. attacks in both countries, including assaults on a mosque, a school, and, most recently, a building apparently used as a

shelter in the Iraqi city of Mosul'' that is currently being investigated appropriately so.

These reports come alongside indications that the administration is considering relaxing the rules of engagement put in place by the Obama administration, which made a concerted effort at avoiding civilian deaths, and you have said today that there has not been such a change.

And I have read that you have said that the coalition will, quote, ``take extraordinary measures to avoid harming civilians,'' unquote.

So can you tell us how you balanced a pursuit, a very important military objective, with those extraordinary measures? And, in particular, when fighting an enemy that intentionally places civilians in harm's way, we all know that, how much risk should the U.S. and its civilian coalition partners accept in limiting air or artillery strikes where it may be difficult to confirm civilian presence, especially in Mosul, where civilians have been directed to shelter in place? So there are so many still there. It seems to be an extraordinary challenge, and I am curious as to how you are thinking this through in order to minimize civilian casualties.

General Votel. Thank you, Congresswoman, for your question there.

First off, you know, we have provided, I think, very clear and concise guidance to our commanders in the field. I think the principal way that we are addressing this is by entrusting and enabling our very well experienced and trained leaders on the ground. They are the best guard against this. We have seen that in the past. We will see it in the future here. Their judgment, their experience is the best thing to ensure with this.

As we go through this, you know, and with our on-scene commanders that are very, very close to this, I think the key thing that we do emphasize to them is we go to war with our values, we hold ourselves to a higher accountability, a higher

standard with respect to this, and, of course, we always operate in accordance with the law of armed conflict and we do everything that we can to prevent this.

And what we try to do is we try to work that through our leadership and ensure they understand the obligation that we all expect, and that as they carry out these obligations in what are extraordinary, complex, and difficult situations, that they are making the best judgments, the best decisions that they can based on the information that they have. And I will tell you that in many, many, many cases, they are making the right calls. I have visited--I visit Iraq every month and I talk to our advise and assist teams and I hear about operations that we support, but I will tell you at the same pace, I hear about operations where we choose not to strike, where we choose not to do something because it didn't look right, we couldn't confirm what was going on, we didn't have a good situational awareness.

So I think, from my perspective, we are going to trust our processes and we are going to trust our people and we are going to continue to put emphasis on that throughout the process.

Ms. Tsongas. Trust but verify your processes.

General Votel. Right.

The Chairman. Mr. Russell.

Mr. Russell. Thank you, Mr. Chairman.

Thank you. It is good to see you again.

And I guess my own take on it is that we are not seeing a never-ending increase; we are recovering from a massive decrease in disengagement in the region. It has not been that many years ago, six, and because of that decrease, we now see Iraq in the throes of a civil war, Syria in the throes of a civil war, Yemen in the throes of a civil war, the complete area destabilized, making a whole number of things even harder to deal with, plus distancing to our allies in Saudi Arabia, Egypt, not to mention other coalition partners on a whole number of other affairs. And so I tend to disagree with some of

my colleagues here in that view.

With regard to collateral damage, no one cares more about civilian casualties than the United States military, no one. No one takes more pain or more effort to prevent the needless loss of life. No one has the systems in place to prevent the things that we do in our targeting systems and everything else. And we know about our own errors, because it is us who expose them, who discover them, and who try to refine them.

So before we get in a bashing of those that are in uniform and needless loss of civilian casualties or somehow suggesting that we are causing more civilian deaths than the Russians, I challenge that, I defy that, I reject that, I don't think that it reflects anything to our practices as a nation or certainly our men and women in uniform.

General Votel, you spoke of the need to use the other instruments of national power. There are a number of areas that we obviously see a need to do that, you have spoken to a lot of them, but I guess one of the most troubling things that gets the least amount of attention is Yemen. And as we would see the Gulf of Aden now slip into a possible future Hormuz Strait, there is serious implication with that. We have got 60 percent of the Yemen population now that is malnourished. We have got opportunities to do a lot of good things with President Hadi and other efforts.

The foreign military sales being crucial, the foreign engagement being crucial, if you could design it where you engage the other instruments of national power to support the coalition efforts as well as the CENTCOM efforts, what would it look like? What would you want that other engagement to be other than just the military?

General Votel. Thanks, Congressman. I think that, you know, certainly one of the things that has to be addressed, as you kind of highlighted here, is we have to resolve the civil conflict that is taking place there, right. That creates an environment that makes it extraordinarily difficult for us to

be--has made it difficult for us to be persistent in our efforts against Al Qaeda. It has caused us to break relationships we had with the Yemeni forces we developed over a course of years, and it has given rise to the threat that we have already talked about this morning in the Bab-el-Mandeb in the Red Sea, an area where we have 60 to 70 ships go through every day, not just U.S., but international ships go through there. So I think that is important.

So I think the thing that we have to continue to press on, is we have to press in our diplomatic efforts to resolve that conflict as quickly as we can. I think that will help, I think, set the table. There are perhaps some things that we can assist with on the military side to bring that forward without becoming enmeshed into a civil conflict here. We should consider those things.

I will tell you, I have talked with our ambassador there on a regular basis. He is excellent. He is extraordinarily engaged here. And I just think we have to continue to press in this particular area. And this is an area where we will need the Department of State and others to help us move through.

Mr. Russell. Do you still see a base of support? A lot of relationship has been developed for decades, and much is lost if we see the things tip toward the Houthi rebels and, as you had mentioned, Al Qaeda gaining leverage with engagement with the population and assisting in feeding them and other things. Could you speak to some of that?

General Votel. I do. And I would highlight to you that we have some very good partners in the area, certainly Saudi Arabia on the edges here, and the United Arab Emirates [UAE] have been extraordinary partners for us and they have good relationships here. So I do see the ability to reestablish some of these partnerships again.

Mr. Russell. Thank you. And thank you, Mr. Chairman.

The Chairman. Ms. Rosen.

Ms. Rosen. Thank you, Mr. Chairman.

And thank you, General Votel, for your very great insights today.

I want to switch back to Iran for a moment. You know, you said you believe that Iran is one of the greatest threats to the U.S. today. So if that is true and your assessment is true that their overall objective is to be the most powerful in the region, then to pursue this end, do you believe Iran has increased destabilizing activities since the JCPOA [Joint Comprehensive Plan of Action], and if they have, how should we react to these alleged activities without risking escalation and other conflicts in the region?

General Votel. Congresswoman, I do believe they have. And I believe that Iran is operating in what I call a gray zone, and it is an area between normal competition between states and just short of open conflict, and they are exploiting this area in a variety of different ways. They do it through raising surrogate forces, they do it through lethal aid facilitation, they do it through their own cyber activities, and they do it through their influence operations. And I think they are clearly focused in this particular area, and I think they have--their efforts have increased in this particular area.

I think the things that we need to do is--I think there are three broad things, and I have had an opportunity to talk to some of our regional partners about it. I think we need to look at opportunities where we can disrupt through military means or other means their activities, particularly their facilitation aspects here. I think we need to look at opportunities where we can expose and hold them accountable for the things that they are doing. That has to be done. They have to account for their destabilize--the destabilizing role that they are playing in the region right now. And, finally, I think we do have to address their revolutionary ideology, and what has to be addressed. And certainly we play a role in that, but others in the region do as well. Iran has a role in the region. There is no doubt about that.

And I want to be clear that we think differently about the people of Iran than we think about the leadership of Iran, the revolutionary council that runs Iran. In my mind, those are two very distinct things. And our concern is not with the people of Iran, but it is with their revolutionary government.

Ms. Rosen. Thank you.

And I would just like to switch a little bit to the greater geopolitical tensions in the region. Is terrorism really the most pressing threats emanating from the Middle East, and what is our best way to exert our influence, if that is true, against those threats?

General Votel. Well, Congresswoman, I think terrorism is what is being manifested out of what are really deep underlying issues that pervade this region. There are some serious sectarian issues across the region that have to be addressed. There are disenfranchised populations, there is economic disparity between governments and the people that they lead. And so these deep underlying issues in many cases still remain across the region. Those have to be addressed.

And I think the way that we see this being manifested is in violent extremism, that we see the rise of ISIS. When you go back and look at why that came up, the desire for young men and in some cases young women to join organizations like Al Qaeda or ISIS, they are looking for a job, they are looking for money, they are looking for relationships, they are looking for economic opportunity that may not exist in their local communities.

So there are deep underlying issues that have to be addressed in this region that give rise to these threats that we are focused on. So I don't want to give the impression that beating ISIS will--it will remove a threat, but it won't solve many of the underlying challenges in this particular region. That will take more work.

Ms. Rosen. So considering that we are going to be creating a bill fairly soon, where do we best put our resources to fight

this? What do you need?

General Votel. Well, I think this--Congresswoman, I think we have identified, from a military standpoint, I need to build and sustain the operations that we have ongoing in places like Iraq and Syria, and really across the region. I need to ensure that the services, that Army, Navy, Air Force, Marines, and SOCOM, that provide me capabilities, have the resources they need to develop the capabilities and the resiliency within their formations to continue to provide me things.

So, you know, those are the key things that I am thinking about right now in terms of the resources that I need moving forward.

Ms. Rosen. Thank you.

The Chairman. Ms. McSally.

Ms. McSally. Thank you, Mr. Chairman.

Thank you, General Votel. Do you know how many civilians have been killed by ISIS in Iraq and Syria?

General Votel. Congresswoman, I do not know that number.

Ms. McSally. I mean, there are media reports. I would love to hear back from you on what the number is, but it is in the tens of thousands. Is that probably fair?

General Votel. I think that is fair.

Ms. McSally. Thank you. And having spent a lot of time in the targeting process both shooting 30-millimeter out of an A-10 all the way up to, you know, working at the COCOM [combatant command] level, I just want to agree with my colleagues here and with your statements that we go through great pains in our targeting cycle to make sure that we are compliant with the laws of armed conflict and that we are avoiding civilian casualties.

More for my colleagues, I want to make sure you understand what the laws of armed conflict [LOAC] are. That if we have a legitimate target, we do everything we can to minimize civilian casualties, but we are not allowed to target civilians. We never target civilians.

Is ISIS targeting civilians?

General Votel. I believe they are.

Ms. McSally. Absolutely. Is it a violation of the law of armed conflict to have human shields?

General Votel. Yes, it is.

Ms. McSally. So ISIS is violating the laws of armed conflict.

Again for my colleagues, the standard for the LOAC is that we make feasible precautions towards limiting civilian casualties while we are hitting legitimate military targets. The last administration went above and beyond this, far higher than I have ever seen before in my 26 years in the military, using near certainty that no civilians will be killed.

I agree with some retired generals, General Deptula, and most recently, General Dunlap published something a few days ago on this, that if we are not hitting legitimate military targets and allowing these terrorists to continue to live, then we are actually allowing them to continue to kill civilians. I mean, this actually enables them to continue their terrorist activities, to include exporting it to other places.

So this is what General Dunlap calls a moral hazard of inaction, of us doing nothing on legitimate targets because of this near certainty standard, from my view, actually allows the terrorists free rein to continue to kill civilians, tens of thousands.

And also, I now believe that what we are seeing in the change here is that ISIS knows that they can use human shields to avoid being hit. It is their air defense system. Additionally, it is my view that as we move closer into the urban conflict into Mosul and they are using human shields, civilian casualties are going to go up. This is a horrible element of war, that ISIS started this war.

So do you agree that some of the high level of, I think, ridiculous standard that we had previously has now created this behavior by ISIS, that they now realize if they take human

shields, they are going to avoid being struck, and that actually this is adding to the problem?

General Votel. Congresswoman, I do believe they understand our sensitivity to civilian casualties and they are exploiting that, and I do agree that as we move into these urban environments, it is going to become more and more difficult to apply extraordinarily high standards for the things that we are doing, although we will try.

Ms. McSally. Great. Thank you.

Again, I look forward to continuing to talk with you in the classified realm, but, look, this whole line of thinking that somehow because we are engaging the enemy and, unfortunately, again, the investigation is ongoing on this latest attack, somehow it is our fault that as we are engaging the enemy, that perhaps civilians are being killed either by mistake or because the enemy is using a tactic that actually has them become part of the target. That is on them, not on us.

And if we then move back further and allow more terrorists to live to fight another day because of this narrative, then we are going to actually open up more civilians to be killed by these terrorists. Is that a fair line of thinking?

General Votel. I share your concern, Congresswoman.

Ms. McSally. Great. Thank you.

I also want to ask, and maybe this is more for the classified setting, when we are identifying combatants and noncombatants, this used be a pet peeve of mine, sometimes I would be in VTCs [video teleconferences] where we were getting ready to schwack some bad guys in Somalia, and I would hear the terminology of whether there is women and children versus men. There are combatants and noncombatants. And what we saw in Yemen is we had a bunch of women that were actually shooting at our troops. That has been reported in the media.

So can you confirm with me that we are still using the terms in our analysis of combatants and noncombatants, and we are not making assumptions that just because you are a woman,

you are not a combatant? That is not the law of armed conflict.

General Votel. We do think of it as that and look at it that way.

Ms. McSally. Okay. Great. Thank you. Thanks, Mr. Chairman. I yield back.

The Chairman. Mr. Langevin.

Mr. Langevin. Thank you, Mr. Chairman. General Votel, welcome back before the committee. I want to thank you for your testimony, but most especially for your service and the men and women who serve under you. We are grateful for all you do to defend the Nation.

As our cyber capabilities are maturing, particularly with U.S. Cyber Command now being stood up and the training and deploying of our cyber mission teams, can you please discuss with us your views on the impact of our cyber operations against ISIL, how effective they have been and what more can be done to enhance them?

General Votel. Thank you, Congressman.

And I look forward to an opportunity to talk about this in a classified setting as well, but what I can tell you here is that I think, with the great support of Admiral Rogers and the team at Cyber Command [CYBERCOM], we have forged a very close relationship between CENTCOM, Cyber Command and their subordinate elements, and I would throw SOCOM in there as well, that has allowed us to use this capability to have effects against this particular enemy. And I do think we are starting from an area where we didn't have much experience in this. We are actually creating effects on the ground.

I would share with you that this is an extraordinarily, extraordinarily savvy enemy, and so they have capabilities in this area, and we will need to continue to evolve in this. I would also add that some of our partners, some of our coalition partners have unique capabilities in this area, and they have been well integrated into this as well. So I do think we are beginning to have good effects with this, but there certainly

is more that we need to do.

Mr. Langevin. Good. And I look forward to following up and getting some more details when we get into the classified session.

Let me ask you this. In your opinion, is the current joint task force areas command and control construct effective, efficient, synchronized, and deconflicted with other operations taking place in the CENTCOM area of responsibility? And, also, how would you characterize support and integration with teams from U.S. CYBERCOM?

General Votel. I think they are excellent in both cases. In fact, when we recently hosted a congressional delegation down at CENTCOM to talk about things we are doing, we actually invited JTF [joint task force] areas to come in and be part of that because we consider them to be that close of a team member.

So I think the integration has been exceptional with JTF areas, and the leadership there at Cyber Command and in that particular organization have been extraordinarily well engaged with us.

Mr. Langevin. Thank you.

Another topic. We obviously rely heavily on special operations forces [SOF] for operations around the globe. The authorities and capabilities of SOCOM allow us, obviously, to keep the footprint small and carry out unique activities. However, that utility may have led to an overreliance on SOF.

As the former SOCOM commander and current CENTCOM commander, what are your concerns in this regard? And what actions can we take to decrease the high demand for SOF around the globe, such as increasing conventional forces training capability?

General Votel. Well, as the former SOCOM commander, obviously, you know, we wanted to do everything we could to support the other combatant commanders here. And, you know, General Thomas and I have, I think, a very strong relationship,

we talk frequently, and I think we have been able to figure out ways that we can manage the force moving forward here. So I do support the--you know, obviously the very continued support of them.

I will tell you, one of the things that does concern me a little bit about SOCOM and some of the very unique capabilities that they have is that many of them are heavily leveraged in OCO [Overseas Contingency Operations budget line]. Some of the very unique capabilities, and, again, we can talk about this in a classified session, are very heavily leveraged in OCO, and that concerns me about the sustainability.

It concerned me as the SOCOM commander and now concerns me as the CENTCOM commander, who are very dependent on that. I am very concerned about that. I think we need to stabilize that and I think we need to make the commitment to give SOCOM the things they need to serve the Nation.

Beyond that, Congressman, I would tell you one of the things I am most proud of being the SOCOM commander--or being the CENTCOM commander is the very close relationship between our SOF forces and our conventional forces. It is almost indistinguishable how they are able to operate, and that comes for a variety of reasons; certainly our experience over the last 15 or 16 years working together and the fact that a lot of our leaders know each other, not just professionally.

But personally, but I want to assure the committee and I want to assure the American people that we are fighting the enemy together, we are not fighting each other here, and that was not always the case in the military, but I am very pleased with how our conventional and SOF forces are working very, very closely together, with our interagency partners as well.

Mr. Langevin. Very good, General. Well, as a former SOCOM commander, I have great confidence that you are going to balance that force just right and you are in a unique position. So thank you for you are doing, and I look forward to the classified session.

I yield back.

The Chairman. Mr. Bacon.

Mr. Bacon. Thank you, Mr. Chairman.

And I want to thank General Votel for your leadership, and your team. So many challenging problems in your AOR [area of responsibility], and it is not just one, two, three, it is just hard. So I know you and your team work very hard at that, and we appreciate it.

I associate with the comments too of some of our colleagues here that say that we need to get a congressional authorization for force. I think we do. I think what we did in 2001 and 2003 are applicable and I feel like we have got to work towards that in Congress.

And I also want to say that I agree with your comments on Iran. I think you are right on target. My fourth deployment there, I think, when I was in there 2007 and 2008, I believe roughly half of our service men and women were killed due to actions from Iran with the explosive—or the EFPs [explosively formed penetrators] and the very support they were giving to the Shia militias, and I dare say it would probably be about a thousand of our service men and women over time were killed due to the Iranian actions.

My question to you today is, we can do kinetic operations indefinitely with ISIS or Al Qaeda, but I don't think in the end that wins the fight. How do you see a grand strategy, or how do you see our grand strategy to defeat these enemies? It has got to be—we have got to go after their ideology, their financing, their recruiting. Do you think we have the right strategy?

General Votel. I do, Congressman. I think we do have the outline of a good strategy to address the things that you are highlighting here. As you are aware, one of the first things that the new administration did was direct the Secretary of Defense and the Secretary of State to come up with a plan to address and defeat ISIS more completely. And I think the

acknowledgement that that is both the Department of Defense, Department of State, and many others in the government here, I think, is an acknowledgement that we need--that we do need to do that. We certainly need to go after their finances, we need to go after where they are physically, we need to go after the conditions that give rise to these particular organizations.

But I would also add that we need to go after this ideology. And there are things that we can do, but there are certainly things that our partners in the region can do. There are just some things that as a western country, as the United States, will not resonate as fully as it will from people in the region with respect to that.

So the ideology, in my view, is very, very important. And then getting after the underlying issues that we talked about here, I think, is ultimately what we really have to focus on.

Mr. Bacon. One follow-on. In 2007 and 2008, we had great success largely because the Sunni tribes came over and started helping us against the fight--against Al Qaeda. I think on a grander level, we need to have that Sunni help, like you are alluding to, but our agreement with Iran, I believe, undermined the trust of many of the Sunni countries, I have heard that from some of our Sunni friends, because I think they fear Iran just as much as they do ISIS in many cases.

Have you seen that same trend when you have talked to our Sunni friends? Is there concerns with what we did the past 2 years, 3 years with Iran, and have you seen that undermine that ability to work with our Sunni friends?

General Votel. Truthfully, Congressman, I have. I have had Sunni leaders and other Arab leaders tell me that same thing. And so I know there certainly is a perception out there about that, and as you know, oftentimes perception is truth in many quarters here.

So that is why I think one of the key things that we have continued to emphasize with our people and with our leadership is the importance of building and rebuilding trust with our

partners in the region. These are difficult situations here. And they are not all perfect, but we have to--I think it is better to be engaged with them and to be their confirmed partner.

And, frankly, the impression I get when I talk to all of our partners in the region is they do prefer the United States. They want to have a relationship with us. And so I think we ought to look at ways that we can take advantage of that moving forward.

Mr. Bacon. Thank you very much. And, Mr. Chairman, I yield back.

The Chairman. Mr. Lamborn.

Mr. Lamborn. Thank you, Mr. Chairman.

And, General, thank you for the job that you are doing. And I am so glad you are there now, especially given your past track record.

When it comes to Yemen, I am really glad that we are taking steps now to support our allies in the area and our friends in the area. When I have talked to people from the Emirates, for instance, their concern isn't ISIS, I mean, that is a concern, but they are concerned about Yemen and the Iranian proxy war that is going on there.

How do you evaluate what is going on in Yemen? I know we had a tragic loss of life with the recent raid, and that was regrettable, but I think it is very important that we are supporting Saudi Arabia and the Gulf States, and I think it is overdue that we are doing that. What are your perspectives on Yemen?

General Votel. Well, Congressman, you know, as I mentioned a little bit earlier, I mean, I think there are some vital U.S. interests that are at stake here. Certainly we don't want Yemen to be used as a platform for attacks in our homeland or against our allies or partners around the globe or in the region, and so we have to--we have to be focused on that.

I am extraordinarily concerned about another contested

maritime chokepoint in the region. And so that directly impacts our national interests, the freedom of navigation, freedom of commerce, and supports our global economic objectives here, and so I think we have to be very, very concerned about that. So I do think there are some vital aspects of that. All of that is against the backdrop of this civil war that you talked about here.

And, you know, certainly we all understand the implications of becoming involved in those types of activities. And if we don't choose to do it militarily, then we have to look at ways that we can try to move forward and try to resolve that situation. I do believe that as long as that continues to boil, that it will impact the ability for us to really focus on other principal interests that we have in that part of the world.

Mr. Lamborn. Well, and obviously everyone wants peace in the area and the fighting to stop, but until that happens, I think we have to take the side of our friends and allies, and they are so concerned that Iran is using the Houthi rebels as a proxy to destabilize and ultimately come after them. That is their perspective.

And while I don't think we need to consider any kind of boots on the ground or anything like that, I think as much as we can do with ISR [intelligence, surveillance, and reconnaissance] and things like that to support our friends and allies is critical. If you want to better address this in the closed section of the hearing, tell me that, but is there more that we can be doing?

General Votel. Yeah, there is. And I think this would be a really good topic in a closed session, Congressman.

Mr. Lamborn. Okay. Thank you. Mr. Chairman, I yield back.
The Chairman. Mr. Gallagher.

Mr. Gallagher. Thank you, Mr. Chairman.

Thank you, General, for being here.

A quick follow-up on Yemen. To what extent has the ongoing fighting there enhanced or undermined AQAP's [Al Qaeda in the

Arabian Peninsula's] power and reach? And do you envision a long-term presence for the Emirates and the Saudis in Yemen, and if so, do their long-term objectives in Yemen align with our own?

General Votel. Well, I think we had--you know, before the civil war started, it was my estimate that we had a very good focus on Al Qaeda in the Arabian Peninsula. The civil war changed our posture there. And in the--underneath the ongoing civil war right there, I do believe Al Qaeda had an opportunity to prosper and to become stronger and to be resilient and continue to pursue their objectives.

So what you have seen us do here most recently is renew our focus on that. And we are doing that with a variety of our partners in the region, the UAE and Saudi Arabia certainly among the principal partners that we are working with with respect to that.

With respect to their long-term presence, that is probably a better question for them. I don't know. I don't have any insight into what their strategic calculations might be there, but, you know, I think, as we see in most of these areas, a long-term commitment is usually necessary to really change conditions.

Mr. Gallagher. Sure. In Syria, Russia has seemingly doubled down on a long-term commitment going back to the 1950s with its client state there. It seems to me that Russia and Iran are in a tactical alliance in Syria, they sort of share the same organs, Russia provides air power, the Iranians, particularly through Hezbollah, provide a lot of the ground forces. Do you see evidence of a broader regional alliance between Russia and Iran, and if so, what are its manifestations?

General Votel. Well, I think there perhaps could be. I am not sure I see specific indications of that in other areas, but certainly they are cooperating together. I think the implications of this are things that we have seen. We have seen Russian jets operating out of Iranian bases. And certainly

their cooperation together to prop up the regime and give them new life here is certainly an implication of that relationship right there.

So I am very, very--I am concerned about that. I think we should be concerned about it. I don't know that we have great insight into what their--what the Russian long-term perspective is on that relationship.

Mr. Gallagher. I too am concerned. I think the rise of the Russian-Iranian axis has been the biggest development in the region the last couple of years related to the Iran deal.

One strange bit of continuity in the region has been a return in Egypt to some form of authoritarianism. Can you comment--and it has caused a great debate within foreign policy circles within the left and the right.

Can you comment on whether you are getting the cooperation you need from a military perspective from the Sisi government in Egypt?

General Votel. I think Egypt is an extraordinarily important partner to us. We kind of consider them to be the gateway into the region. They have had historical long-term relationships there. They are an extraordinarily important country to them. They have been very helpful in the Sinai, helping address threats to the multinational force there. They were particularly responsive to our request for assistance there. And they have been very, very good--very, very good partners there. And, you know, while we have had perhaps some differences politically with them, one of the things we have been able to maintain, I think, is a good military-to-military contact.

And I think--and from a CENTCOM commander standpoint, I look forward to continuing to build on that as we move forward. I think it is a vital relationship for us.

Mr. Gallagher. So would it be fair to say, General, that from your perspective, the FMF program and the broader relationship we have with Egypt is achieving its objectives?

General Votel. Well, I don't know, because right now we do see some instances where countries like Egypt and others are reaching out and buying their military hardware from other countries.

So, again, I think this kind of goes back to the discussion we had earlier about FMF. I think our FMS program accomplishes a lot of purposes out there. One of the principal ones, from my perspective as the CENTCOM commander, is building capability with our partners, especially capability that can be integrated with our capabilities so that we can operate together.

When we choose not to allow them to buy our systems or to buy--they will look other places for this. This doesn't necessarily help them, because they get lesser systems, they don't get the sustainment, they don't always get the training with that, they are stuck with stuff that they can't fully use, and it is not integrated with us.

And so I think FMF and FMS are extraordinarily important programs that fit into our security equation across the region.

Mr. Gallagher. Thank you, General. I am out of time, but--and I know it is something that adds to your AOR, but maybe afterwards, we could talk about to what extent our involvement with the YPG [Kurdish People's Defense Unit] in Syria has affected our relationship with Turkey and sort of, more broadly, how our relationship with Turkey affects your efforts.

Thank you, Mr. Chairman. I yield.

The Chairman. General, I will just add two points on the FMF discussion.

Number one, all our allies--I would say virtually all, if not all, our allies are very frustrated with the process.

So you talked about decisions, absolutely, that is one thing, but then the process being so sluggish, even if we ultimately decide that it is in our interest to sell or provide equipment, has even--even then it is a subject of frustration.

So our Oversight and Investigation Subcommittee is looking into this issue from our standpoint. I am hopeful that a number

of members, who are also on the Foreign Affairs Committee, will look at it from the State Department standpoint, because I think one of your early points was reestablishing trust, and this is an important thing to reestablish trust.

Mr. Wilson.

Mr. Wilson. Thank you, Mr. Chairman.

And, General Votel, it is a great honor to be with you. Every time I am with you, it is just so reassuring. And I am also so grateful for the American people to hear your service. I appreciate it as a Member of Congress, and also I appreciate it as a fellow veteran, but I particularly appreciate your service as a military dad. I always like to recognize your service has meant so much to our family.

My oldest son served for a year, field artillery, in Iraq; my second son was a Navy doctor serving with the Rangers and the SEALs in Iraq; my third son, a signal officer, served in Egypt; and I am grateful that our youngest son was an engineer in Afghanistan. And so we certainly cover the CENTCOM area of jurisdiction, and at all times we appreciate your leadership. And I give credit to my wife for training these guys. But thank you.

As the Iraqi Security Forces continue to make progress toward liberating Mosul, what is the latest on the operation and what have been the keys to the Iraqi army's success?

General Votel. Thank you, Congressman. And let me just say on behalf of CENTCOM, we appreciate all the contributions of Team Wilson there and we are very, very grateful for it.

Turning to Mosul, the Iraqi Security Forces are making, I think, good progress. This has been an extraordinarily challenging fight. It took them about 100 days to secure the eastern side of the city. They did that at a cost of 490 killed and just about over 3,000 wounded. So it is an extraordinary price that they paid for that. They very quickly were able to get themselves focused on the western part of the city. And they are now engaged in what we are seeing as a very, very

difficult fight there.

Some of their elements are engaged in what is known as the old city here, a very dense urban area, much, much more complex and much more favors the defender than it does the attacker, and so they have got their hands full as they are doing this.

I would just note that the Iraqi Security Forces just so far in about 37 days have sustained about 284 killed and a little over 1,600 wounded in the western part of the city.

The keys to success here have been, I think, the very close relationship they had with both U.S. and coalition advise and assist teams, and the ability for the Iraqi Security Forces to come together. As you know, institutionally they have got some challenges here. They have got federal police that answer to the ministry of interior, they have got Iraqi army that answers to the ministry of defense, and they have got counterterrorism forces that answer to the counterterrorism directorate, and so these are all separate ministries.

But what they have been able to do successfully is get a common commander in place among all of those different pillars of security here, who really performs a very good integrating fashion, and so they are operating much better in conjunction and in synchronization with each other, and I think that has really paid off in what has been a very, very difficult, and will continue to be a very difficult fight in the weeks and perhaps months ahead.

Mr. Wilson. Well, it is so important. And the American people need to know the city is over a million persons, it is the second largest city in the country of Iraq, and how important it is that it be liberated, and the subjugation and oppression that the people must have faced in the last year, 2 years.

And it was so encouraging for all of us last week on the Foreign Affairs Committee to have the opportunity to be with Prime Minister Abadi. I had met him in Baghdad last month, and it is just so impressive. And also the minister of defense,

Hiyali, again, it is just--that country, I think, has very positive leadership for you to work with.

Additionally, you testified about Russia's entry into the Syrian conflict and that it has negatively impacted the balance of power. What is the latest on Russia's intrusion into Syria?

General Votel. Well, as you know, they have been focused on--I think, mostly focused on helping the regime accomplish some of their objectives in the western part of the country, and they, I think, have been successful at that.

I think Russia has achieved probably many of the objectives that they set out to pursue as they got in there. They have got a government that is favorable to them, access to ports, access to airfields, influence in the region, so I think they have accomplished that.

They have, I think, begun to--they are continuing to support regime forces now in this case as they fight ISIS. So to the extent that they are doing that, that is, I would admit, helpful to what we are doing.

I would share with you, Congressman, that we do share a very congested airspace with the Russians. We have a deconfliction mechanism in place. It is generally a very professional interchange. We talk with them very frequently to coordinate--not to coordinate, but to deconflict our operations in what is a very compressed airspace over northern Syria. That generally goes pretty well.

We are looking to make that a little bit more robust to ensure that we continue our freedom of action here as we continue to pursue the campaign.

Mr. Wilson. Thank you very much.

The Chairman. General, thank you.

As you can tell, members are interested in some further discussions in a classified session, which will start in just a few moments upstairs, but for now, this hearing stands adjourned.

[Whereupon, at 11:41 a.m., the committee was adjourned.]

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A P P E N D I X

March 29, 2017

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PREPARED STATEMENTS SUBMITTED FOR THE RECORD

March 29, 2017

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[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

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QUESTIONS SUBMITTED BY MEMBERS POST HEARING

March 29, 2017

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QUESTIONS SUBMITTED BY MS. STEFANIK

Ms. Stefanik. In terms of information operations and counter ISIL propaganda efforts--we have seen some tactical success in I Syria, but I am concerned with about what I perceive to be a lar strategic gap across our government. Can you talk about ways to CENTCOM information operations requirements, and how we can impr ability to counter ISIL's global and strategic propaganda effort the State Department's Global Engagement Center the right place to interface for these types of efforts as we try to counter ISI state-sponsored actors, and if so, how can we strengthen that relationship? Are you seeing any troubling propaganda efforts wi your AOR from state-sponsored actors such as Russia, and if so h you dealing with this?

General Votel. USCENTCOM is part of a much larger effort whi includes not only USG departments and agencies, but the governme our Coalition partners, non-government organizations, and variou entities from the private sector. If we are serious about defeat ISIS in the information environment, we must match ISIS' level c intensity, volume and effectiveness in the information environme

must do the same in response to all adversaries choosing to compete in the information battlespace. The State Department's Global Engagement Center provides a very effective functional mechanism through which we can mass the effects necessary to counter and ultimately defeat adversaries. As the Global Engagement Center continues to mature its capabilities, USCENTCOM will work through the Joint Staff and OSD to help expand and improve coordination across the Department of Defense and the other Interagency. Russia and Iran both are using information operations (e.g., propaganda) to achieve their desired effects in the USCENTCOM AOR. Both have established large, well-resourced information war capabilities. Within our authorities and resources, USCENTCOM counters this propaganda. CENTCOM WebOps specifically counters allegations of U.S. assistance to ISIS and exposes Russian and Iranian violations of the Laws of Armed Conflict, among other activities.

Ms. Stefanik. Can you provide us with more of your thoughts on concerns about Russian influence within your AOR, beyond what is going on in Syria? There have been recent reports about Russian collaboration with the Taliban, and Russia increasing their presence and influence in Egypt, as just two examples.

General Votel. [The information provided is classified and restricted in the committee files.]

Ms. Stefanik. Describe the threat posed by Al Qaeda, the Islamic State-Khorasan Province, and the Haqqani network. What, if any, limitations exist on your ability to effectively target these threats?

General Votel. [The information provided is classified and restricted in the committee files.]

Ms. Stefanik. According to some news reports, Iran has supported the Houthi militia in Yemen. Other reports suggested that there is a strong link between the two. What is your assessment of the nature of Iranian support to the Houthis in Yemen? How does this impact our strategy? Can we achieve our objectives in Yemen absent a political solution?

General Votel. [The information provided is classified and restricted in the committee files.]

QUESTIONS SUBMITTED BY DR. ABRAHAM

Dr. Abraham. Can you discuss the long-term threat Hezbollah presents to U.S. interests, and apart from increased sanctions, Congress further help in the fight against Hezbollah?

General Votel. [The information provided is classified and r in the committee files.]

Dr. Abraham. With regard to Turkey: With last year's coup at and the potential for political instability ahead of this year's presidential referendum, what are some of the challenges you have and expect to face with U.S. and coalition air support for CENTCOM missions flying out of Incirlik Air Base?

General Votel. [The information provided is classified and r in the committee files.]

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON
UNITED STATES EUROPEAN COMMAND

Thursday, March 23, 2017

Washington, D.C.

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1 HEARING TO RECEIVE TESTIMONY ON
2 UNITED STATES EUROPEAN COMMAND

3
4 Thursday, March 23, 2017

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6 U.S. Senate
7 Committee on Armed Services
8 Washington, D.C.
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10 The committee met, pursuant to notice, at 9:34 a.m. in
11 Room SD-G50, Dirksen Senate Office Building, Hon. John
12 McCain, chairman of the committee, presiding.

13 Committee Members Present: Senators McCain
14 [presiding], Inhofe, Wicker, Fischer, Rounds, Ernst, Tillis,
15 Sullivan, Cruz, Sasse, Reed, Nelson, McCaskill, Shaheen,
16 Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King,
17 Heinrich, Warren, and Peters.
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1 OPENING STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR
2 FROM ARIZONA

3 Chairman McCain: Well, good morning.

4 The Senate Armed Services Committee meets this morning
5 to receive testimony on the posture of U.S. European
6 Command. I would like to welcome General Scaparrotti, who
7 is back before the committee. I am sure he has been eagerly
8 awaiting that opportunity. We thank you for your decades of
9 distinguished service and for your leadership of our men and
10 women in uniform.

11 This morning, our thoughts and prayers are with the
12 loved ones of the four innocent people killed and dozens
13 more injured in an attack in the heart of London that police
14 believe was inspired by radical Islamist terrorists. We
15 stands in solidarity with the British people, committed as
16 ever to our special relationship and to the common defense
17 of our security and our values.

18 3 years ago this last week, Russia violated Ukrainian
19 sovereignty and annexed Crimea, a seminal event that
20 revealed what had already been increasingly obvious for
21 years: that the United States and our European allies
22 confront an aggressive, militarily capable Russian
23 Government that is hostile to our interests and our values
24 and willing to use force not as a last resort but as a
25 primary tool to achieve its revisionist objectives. Many

1 believe this challenge had been consigned to the history
2 books. And indeed, the United States operated under that
3 assumption for far too long, drastically reducing our
4 military presence, allowing our intelligence capabilities to
5 wither, and unilaterally disengaging from the information
6 fight.

7 I might add that yesterday we received information that
8 Sergei Magnitsky who was murdered by Vladimir Putin's thugs-
9 - his lawyer was thrown from a fourth floor room. I mean,
10 this kind of stuff you cannot make up. And it is an
11 indication of Vladimir Putin's feeling of impunity that he
12 can go around killing people without any penalty to pay.
13 And I am sure that what Mr. Putin was trying to do is send a
14 message to anybody else in Russia who wants to stand up
15 against him. I digress.

16 3 years later, I regret to say the United States still
17 has not adjusted to the scope, scale, and severity of the
18 new strategic reality we face in Europe. We continue to
19 lack coherent policy and strategy to deter conflict and
20 prevent aggression in Europe. Despite important progress
21 made through the European Deterrence Initiative, we still
22 have no long-term vision for U.S. force posture in Europe,
23 one that accounts for Russia's rapid military modernization,
24 evolving nuclear doctrine, violations of the INF Treaty,
25 advanced anti-access/area denial threat concentrated in

1 Kaliningrad, and significant military buildup along its
2 western border.

3 Indeed, as General Scaparrotti points out in his
4 written testimony -- and I quote -- the ground force
5 permanently assigned to EUCOM is inadequate to meet the
6 combatant command's directed mission to deter Russia from
7 further aggression.

8 The new administration has an opportunity to turn the
9 page and design a new policy and strategy in Europe backed
10 by all elements of American power and decisive political
11 will. General Scaparrotti, we hope you can help this
12 committee begin to think through the basic requirements for
13 such a policy and strategy and what resources and authority
14 you need both as European Commander and Supreme Allied
15 Commander, Europe to deter and, if necessary, defeat
16 aggression against the United States and our allies.

17 Some of the features of a new approach in Europe are
18 already clear. For example, the need to enhance the forward
19 presence of U.S. military forces and provide defensive
20 lethal assistance to Ukraine. But we still have a lot of
21 work to do in other areas, particularly in countering
22 Russian disinformation and devising gray zone strategies for
23 competition below the threshold of major conflict.

24 What is also clear is that no U.S. policy or strategy
25 in Europe can be successful without our NATO allies. At the

1 2014 NATO Summit in Wales, the leaders of every NATO ally
2 pledged to reach the goal of spending 2 percent of their GDP
3 on defense by 2024. The good news is that according to NATO
4 Secretary-General Jens Stoltenberg, defense budgets across
5 Europe and Canada increased by 3.8 percent last year, or by
6 some \$10 billion.

7 This is important progress, but we must be careful not
8 to reduce the NATO alliance of the notion of burden sharing
9 to simply 2 percent. Our allies do not just need to spend
10 more, they need to spend better. One senior European
11 official recently said that Europe spends roughly 50 percent
12 of the United States on defense, but produces just 15
13 percent of the capability because defense purchases are
14 uncoordinated, duplicative, and inefficient. That is why
15 enhancing European security is not just a job for NATO but
16 also for the European Union, which has an important role to
17 play in encouraging cooperative defense acquisition and
18 operation of modernized defense equipment.

19 Finally, we must never forget that the essential
20 contributions America's allies make to our national security
21 are not measured in dollars alone. After the September 11th
22 attacks killed 2,600 Americans and 135 citizens of NATO
23 countries, for the first time in history, our NATO allies
24 invoked Article 5 of the North Atlantic Treaty. NATO troops
25 went to fight side by side with American troops in

1 Afghanistan, and over 1,000 of them made the ultimate
2 sacrifice.

3 The price our NATO allies paid in blood fighting
4 alongside us should never be diminished. And we must never
5 forget that America is safer and more secure because it has
6 allies that are willing to step up and share the burden of
7 collective security.

8 Senator Reed?

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1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Well, thank you very much, Mr. Chairman,
4 for holding this timely and important hearing.

5 And I join you in solidarity with our British allies
6 and applaud your comments.

7 Thanks also to General Scaparrotti for your nearly 40
8 years of service in the military, your leadership in
9 Afghanistan, Korea, and now at U.S. European Command. Also,
10 please pass along our sincere gratitude for the outstanding
11 service of all the men and women who serve with you in
12 EUCOM. Thank you, General.

13 The transatlantic relationship is a cornerstone of U.S.
14 national security and the international order established at
15 the end of World War II. Our European allies and partners
16 have stood with us in maintaining the peace, including in
17 coalition operations in Afghanistan and fighting terrorist
18 extremists in Iraq and Syria. The NATO alliance remains
19 strong and is grounded in a shared vision of an integrated
20 and stable Europe rooted in respect for sovereignty and
21 political and economic freedom.

22 I am concerned, however, about the mixed signals that
23 the current administration seems to be sending regarding the
24 U.S. commitment to NATO and the willingness to cut a deal
25 with Russia. Secretary Tillerson's reported decision to

1 skip a NATO foreign ministers meeting next month and take a
2 trip to Moscow prior to a NATO summit in May has raised
3 concerns in some European capitals. I urge Secretary
4 Tillerson to reconsider his attendance at NATO next month
5 and send a strong signal of our unwavering support for the
6 alliance.

7 The broad and growing challenges facing the EUCOM
8 Commander mean that alliance unity is more important than
9 ever. The cohesion of NATO is being directly threatened by
10 Russia. President Putin has repeatedly shown he will use
11 military force to assert a Russian sphere of influence over
12 its neighbors and to undermine their further integration
13 into Europe. Nowhere is this more evident than in Ukraine
14 where Russia has used hybrid warfare tactics to seize Crimea
15 and continues to support militarily and financially Russian-
16 led separatists in eastern Ukraine, in violation of Russia's
17 commitments under the Minsk agreements. As we heard at
18 Tuesday's panel of distinguished former government
19 officials, it is critically important that we assist Ukraine
20 in resisting Russian pressure and instituting democratic
21 reforms. A successful, reformed Ukraine would provide a
22 powerful alternative to Putin's autocratic rule.

23 The United States has taken significant steps in recent
24 years to rebuild its military presence in Europe and
25 reassure our allies and partners threatened by renewed

1 Russian aggression. The European Deterrence Initiative, or
2 EDI, and the NATO enhanced forward presence have increased
3 the rotational presence of forces in Eastern Europe. In
4 addition, while many NATO members to fall short of the 2
5 percent of GDP target for defense spending, defense budgets
6 among NATO nations are increasing and a number of allies are
7 making significant in-kind contributions as well. Questions
8 remain, however, whether we have the appropriate mix of
9 forces in Europe, both quantitatively and qualitatively, and
10 I hope you will address these questions this morning.

11 Russia is deploying the full array of tools in the
12 Kremlin playbook to challenge the West. This includes
13 aggressive actions in the nuclear realm. I agree with the
14 experts on Tuesday's panel regarding the importance of
15 responding strongly to Russia's fielding of a missile system
16 in violation of the Intermediate-Range Nuclear Forces, or
17 INF, Treaty. In addition, Russia's nuclear doctrine of
18 escalate to deescalate is not only deeply disturbing but
19 potentially catastrophic.

20 Also disconcerting is Russia's increasing boldness in
21 using non-military tools to target Western democracies and
22 advance Putin's strategic aims. Russia is employing an
23 array of covert and overt asymmetric weapons in the gray
24 zone short of military conflict, including cyber hacking,
25 disinformation, propaganda, economic leverage, corruption,

1 and even political assassination. To counter this insidious
2 Russian interference, we must begin by recognizing it as a
3 national security threat. Further, the intelligence
4 community has warned that the kinds of Kremlin-directed
5 malign activities witnessed in last year's U.S. presidential
6 election are likely to re-occur in the future, including
7 during elections in France, Germany, and elsewhere in Europe
8 this year. Responding to this national security threat will
9 require a whole-of-government approach and a comprehensive
10 strategy for pushing back against Russia broadly.

11 EUCOM faces a number of other challenges as well. This
12 includes increasing instability in the Balkans where Russian
13 influence operations are feeding Serbian resentments both in
14 Serbia and among Bosnian Serbs. In addition, in the
15 Balkans, where traditionally a moderate form of Islam has
16 been practiced, there are growing Islamic Salafist
17 influences as a result of a mosque-building campaign funded
18 by Saudi Arabia. On its southeastern border, EUCOM must
19 contend with the instability arising from Syria and the
20 transnational threats emanating from that conflict. And to
21 the south, the migration crisis in the Mediterranean
22 countries continues to strain European resources for
23 security. General, I am interested in hearing how NATO is
24 handling these myriad of problems and how the United States
25 can be helpful.

1 Again, I want to thank General Scaparrotti for his
2 service and I look forward to this morning to his testimony.

3 Chairman McCain: Good morning, General.

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1 STATEMENT OF GENERAL CURTIS M. SCAPARROTTI, USA,
2 COMMANDER, U.S. EUROPEAN COMMAND/SUPREME ALLIED COMMANDER,
3 EUROPE

4 General Scaparrotti: Chairman McCain, Ranking Member
5 Reed, and distinguished members of the committee, I am
6 honored to testify today as the Commander of the United
7 States European Command. On behalf of over 60,000
8 permanently assigned service members, as well as civilians,
9 contractors, and their families who serve and represent our
10 Nation in Europe, thank you for your support.

11 Before starting, I would like to also express my
12 condolence on behalf of the entire European Command team for
13 the civilians and policemen killed and wounded in
14 yesterday's terrorist attack in the UK. Our thoughts and
15 prayers go out to these victims and their families impacted
16 by this senseless attack. We strongly condemn this attack
17 and will continue to stand shoulder to shoulder with our
18 NATO ally and our partners to defeat terrorism.

19 Chairman, the European theater remains critical to our
20 national interests. The transatlantic alliance gives us a
21 unique advantage over our adversaries, a united, capable
22 warfighting alliance resolved in its purpose and
23 strengthened by shared values that have been forged in
24 battle. EUCOM's relationship with NATO and the 51 countries
25 within our AOR provides the United States with a network of

1 willing partners who support global operations and secure
2 international rules-based order. Our security architecture
3 protects more than 1 billion people and has safeguarded
4 transatlantic trade which now constitutes almost half of the
5 world's GDP.

6 However, this security architecture is being tested,
7 and today we face the most dynamic European strategic
8 environment in recent history. Political volatility and
9 economic uncertainty are compounded by threats to our
10 security system that are trans-regional, multi-domain, and
11 multi-functional. In the east, a resurgent Russia has
12 turned from partner to antagonist as it seeks to reemerge as
13 a global power. Countries along Russia's periphery,
14 including Ukraine and Georgia, struggled against Moscow's
15 malign activities and military actions. In the southeast,
16 strategic drivers of instability converge on key allies,
17 especially Turkey, which has to simultaneously manage
18 Russia, terrorists, and refugee flows. In the south,
19 violent extremists and transnational criminal elements spawn
20 terror and corruption from North Africa to the Middle East,
21 while refugees flee to Europe in search of security and
22 opportunity. And in the high north, Russia is reasserting
23 its military presence and positioning itself for strategic
24 advantage in the Arctic.

25 In response to these challenges, EUCOM has shifted its

1 focus from security cooperation and engagement to deterrence
2 and defense. Accordingly, we are adjusting our posture, our
3 plans, our readiness so that we remain relevant to the
4 threats we face. In short, we are returning to the historic
5 role as a warfighting command focused on deterrence and
6 defense.

7 EUCOM's transition would not be possible without the
8 congressional support of the European Deterrence Initiative.
9 Thanks in large measure to ERI, or EDI, over the last 12
10 months, EUCOM has made clear progress with an enhanced
11 forward presence or force presence, complex exercises and
12 training, infrastructure improvements, increased
13 prepositioning of equipment and supplies, and partner
14 capacity building throughout Europe.

15 But we cannot meet these challenges alone. In response
16 to Russian aggression, EUCOM has continued to strengthen our
17 relationship with strategic allies and partners, including
18 the Baltic nations, Poland, Turkey, and Ukraine. EUCOM has
19 also strengthened ties with Israel, one of our closest
20 allies. Above all, EUCOM has supported the NATO alliance
21 which remains, as Secretary Mattis said, the bedrock of our
22 transatlantic security.

23 Thus, EUCOM posture is growing stronger, and I remain
24 confident in our ability to affect this transition. But
25 there is much work to do. We must not only match but

1 outpace the modernization and advances of our adversaries.

2 We must invest in the tools and capabilities needed to
3 increase effectiveness across the spectrum of conflict. And
4 we must ensure that we have a force that is credible, agile,
5 and relevant to the dynamic demands of this theater.

6 To this end, EUCOM has identified the following focus
7 areas: ISR collection platforms that improve timely threat
8 information and strategic warning; land force capabilities
9 that deter Russia from further aggression; enhanced naval
10 capabilities for antisubmarine warfare, strike warfare, and
11 amphibious operations; prepositioned equipment to increase
12 our responsiveness to crisis and enhance missile defense
13 systems.

14 Let me conclude by again thanking this committee's
15 members and staff for their continued support of EUCOM not
16 only through increased funding but also by helping us to
17 articulate the challenges that lie before us. Support from
18 other senior leaders and, above all, the public at home and
19 across Europe is vital to ensuring that we have a ready and
20 relevant force.

21 This remains a pivotal time for EUCOM as we transition
22 to meet the demands of a dynamic security environment. I
23 remain confident that through the strength of our alliances
24 and partnerships and with the professionalism of our service
25 members, we will adapt and ensure Europe remains whole,

1 free, and at peace.

2 Thank you, and I look forward to your questions.

3 [The prepared statement of General Scaparrotti
4 follows:]

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1 Chairman McCain: Since a quorum is now present, I ask
2 the committee to consider a list of 62 pending military
3 nominations. All of these nominations have been before the
4 committee the required length of time. Is there a motion to
5 favorably report these 62 military nominations?

6 Senator Reed: So moved.

7 Chairman McCain: And is there a second?

8 Senator Nelson: Second.

9 Chairman McCain: All in favor, say aye.

10 [Chorus of ayes.]

11 Chairman McCain: The ayes have it.

12 General, do you have any general comment about the
13 attack yesterday in London and the significance of it?

14 General Scaparrotti: Sir, the attack in London
15 underscores again the dynamic environment in Europe. Europe
16 is challenged by both a flow of terrorists returning to
17 Europe from Syria and other places. They are challenged by
18 an internal threat of those inspired by ISIS or directed by
19 ISIS. And this is an example of the attacks that we have
20 seen in Europe in the past year. It is a difficult
21 challenge. As I said, we remain solid and stand shoulder to
22 shoulder with our allies in NATO to defeat this threat.

23 Chairman McCain: The likelihood of further actions
24 like this, particularly some that are self-indoctrinated, is
25 very hard to stop.

1 General Scaparrotti: It is, sir. And I would just say
2 that the number of threat streams that we have of this type
3 within Europe is probably higher in Europe than any other
4 part of the globe with the exception of the places that we
5 are actually physically fighting in like Syria and
6 Afghanistan and Iraq.

7 Chairman McCain: Is there a connection between that
8 and refugees?

9 General Scaparrotti: The flow of refugees and those
10 who move them, particularly criminal activities that will
11 help move them -- they also are more than willing to move
12 both equipment, personnel, weapons, and people.

13 Chairman McCain: As you know, there was an attempted
14 coup in Montenegro by the Russians. And the Montenegrin
15 membership in NATO is pending, and 26 of the 28 nations I
16 believe have already registered their approval. It is a
17 small country, only 650,000 people. It is very
18 strategically located, as you know. What is your view of
19 the importance of Montenegro especially since they have
20 completed all of the very difficult procedures necessary to
21 become eligible -- what is your view of the importance of
22 their inclusion in NATO?

23 General Scaparrotti: Chairman, it is absolutely
24 critical that they be brought into NATO. They have had this
25 desire. They have met the map. And it underscores NATO's

1 outreach and ability to bring in those who want to determine
2 their own means of government and become a part of NATO. If
3 we were to lose this, it would set back many of the other
4 countries and peoples, particularly in Eastern Europe, who
5 are looking forward to and have their eyes set on the West
6 and becoming a part of NATO.

7 Chairman McCain: So it is very important.

8 General Scaparrotti: I think it is critical, yes.

9 Chairman McCain: I thank you.

10 Finally, you talked about the military presence
11 necessary for additional forces in Europe, but one of the
12 problems we continue to face -- for example, one of the
13 causes of the attempted coup in Montenegro is the saturation
14 of propaganda emanating from Russia. We all know the
15 controversy here in the United States about our election,
16 but we now see them active in the French election
17 apparently, in the German election. But more importantly,
18 they are inundating the Baltics in particular. What are our
19 ideas other than ask for a strategy? What are our ideas as
20 to how to counter what has emerged as one of the greatest
21 threats to stability in Europe?

22 General Scaparrotti: Chairman, I think, first of all,
23 we have to confront this threat as it is, be sober-minded
24 about it. We have to do it as an alliance and with our
25 partners, and we have to call it out. We have to confront

1 it. There seems to be a reluctance in many of the nations
2 to actually confront it when we see it, publicly take it on.
3 And I think we as partners have to form together and begin
4 to do this. As you said, it is prolific, and I believe we
5 have got to confront it.

6 Chairman McCain: We countered Russian propaganda
7 during the Cold War with Radio Free Europe and Voice of
8 America. And all I have seen so far is disarray in Prague
9 about the role, the funding, the strategies and all that.
10 What do you think we need to do there to have our own
11 effective counter-message to be sent? I know that is not
12 exactly in your area of responsibility, but I think it is a
13 kind of warfare.

14 General Scaparrotti: Sir, it is. The Russians see
15 this as a part of that spectrum of warfare. That is their
16 asymmetric approach.

17 I will start here. You know, we have information
18 operations that are military, and I have those that are
19 countering malign influence in Europe. But what we really
20 need is we need a whole-of-government approach, a whole-of-
21 government information campaign, of which I am a small part
22 of that. We need somebody in the lead of that, and then we
23 need to finance it and form a governmental strategy. As you
24 said, in the Cold War, we had one. There is a start on
25 that. We have what is called the RIG, the Russian

1 Information Group, which is the beginnings of that. But
2 that has to be reinforced. It has to be financed. They
3 have to have the authorities that they need to lead that
4 forward.

5 Chairman McCain: And the lead on that would probably
6 be the State Department. Right?

7 General Scaparrotti: The RIG is co-chaired with EUCOM
8 and the State Department is the lead. Yes, sir.

9 Chairman McCain: So it would not help you any if we
10 slashed the spending for the State Department.

11 General Scaparrotti: No, sir.

12 Chairman McCain: Senator Reed?

13 Senator Reed: Well, thank you, Mr. Chairman.

14 In fact, you anticipated one of the questions I wanted
15 to raise about the malign influences in elections and
16 institutional capacity that are evident in Europe today.
17 And I think I can safely say that we are really not
18 organized to deal with it at this point. Is that correct?

19 General Scaparrotti: Yes, sir. I agree we can get
20 much better organized to deal with this than we are today.

21 Senator Reed: Let me just go a step further and say
22 that in your estimate, what are the strategic effects that
23 the Russians are trying to achieve by these activities?
24 This is not sort of a random kind of just stir up trouble
25 for the sake of stirring up trouble. What are the strategic

1 objectives?

2 General Scaparrotti: Sir, their overall objective is
3 to undermine the governments that oppose them, to reinforce
4 the political parties in each of those countries that might
5 be aligned with them, to demonstrate the weakness of the
6 West and undermine the U.S. and the West. They want to
7 ensure that they can dominate particularly their periphery.
8 And they are doing that through this asymmetric approach.

9 Senator Reed: Now, you have indicated that
10 particularly with the European Defense Initiative and with
11 the response initiative, we are beginning to reorganize, re-
12 equip, et cetera. Can you give us a sense of your
13 priorities? You had a long list of activities that you feel
14 you have to undertake. But the top three issues that you
15 have to get accomplished in the near future.

16 General Scaparrotti: Sir, the top three that we have
17 to get accomplished -- I think, first of all, is we have to
18 get our posture correct for deterrence, and that is across
19 all the services. It not just -- we tend to focus on the
20 Army part of this, but each of the services play a role in
21 that.

22 Secondly, we have to ensure that our command has made
23 the transition to a command that can command and control in
24 the dynamic environment against an aggressor like Russia.
25 We just recently had our command post exercise we have every

1 2 years. It was a great exercise, but what it laid out is
2 the changes we have yet to make within the component
3 commands in Europe in order to fight a foe like Russia.

4 Senator Reed: And with respect to Ukraine, our expert
5 panel on Tuesday, who did a superb job, suggested that is
6 really the critical arena at the moment. If they are able
7 to subvert Ukraine, then that will send shock waves
8 throughout Europe. Is that in your assessment? And just
9 generally, how are we collectively, both NATO, the United
10 States, EUCOM, and the EU, doing in terms of our efforts in
11 the Ukraine?

12 General Scaparrotti: I think the good news with
13 respect to Ukraine is that we are unified and we are
14 organized. NATO has a defense fund that supports it along
15 very similar lines to the U.S. We are thankful to Congress
16 for its funding of our activities there. In fact, we lead a
17 multinational joint commission, which is actually the
18 vehicle that among our allies and the U.S., assesses and
19 then directs the reform that needs to take place in
20 conjunction with Ukraine. They also do the assessment of
21 the needs in terms of equipment and training and guide that
22 training. So we are actually doing that together with our
23 partners, as well as NATO through that one body. And I
24 think it is very effective.

25 Senator Reed: And in that regard, a great deal -- my

1 impression is -- of the civilian capacity building and the
2 anti-corruption efforts is being done by the European Union.
3 So their efforts are absolutely critical to U.S. success.
4 Is that fair?

5 General Scaparrotti: That is true, sir, and it is
6 critical. Our connection to EU, as well as NATO's, has been
7 in the forefront here for the past year or so for many
8 reasons, and that is one of them.

9 Senator Reed: Thank you very much.

10 Thank you, Mr. Chairman.

11 Chairman McCain: Senator Fischer?

12 Senator Fischer: Thank you, Mr. Chairman.

13 And welcome, General. It is nice to see you again.

14 As you know, last week General Selva confirmed Russia's
15 deployment of a weapon system that violates the INF Treaty.
16 And he went on to say that, quote, the system itself
17 presents a risk to most of our facilities in Europe, and we
18 believe that the Russians have deliberately deployed it in
19 order to pose a threat to NATO and the facilities within the
20 NATO area of responsibility. End quote.

21 You touched on this in your opening statement on page
22 5, and you said that the system creates a mismatch in
23 escalatory options. Could you please elaborate on what you
24 mean by that and what the implications are of this
25 deployment?

1 General Scaparrotti: Well, this deployment gives them
2 some advantage in terms of reach and precision within their
3 systems. And when we talk about escalation management, if
4 there is a tension or a crisis with Russia, because of their
5 doctrine and their view that they will escalate to dominate
6 or escalate to deescalate, it creates a very tight range of
7 options when we work through escalation management. So an
8 enhancement like that just makes this a very restrictive and
9 difficult management process you through in deterrence. It
10 is that much more pressurized. So it is a critical
11 enhancement. It is one that we need to respond to.

12 Senator Fischer: You say we need to respond, and you
13 just mentioned options, the word "option." Secretary Carter
14 talked about options. He mentioned counter-force,
15 countervailing capabilities, active defenses, but we did not
16 see any real action in order to pursue those. Do you think
17 that we need to?

18 General Scaparrotti: Yes, I think we do.

19 Senator Fischer: And which of these options do you
20 think would be the most effective in dealing with this?

21 General Scaparrotti: If I could, I would like to take
22 that for a response for the record. I need to think about
23 the comparison of those actually and tell you the best
24 response.

25 [The information follows:]

1 [COMMITTEE INSERT]

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1 Senator Fischer: Okay. Thank you.

2 General Scaparrotti: Thank you.

3 Senator Fischer: At a recent hearing of the Strategic
4 Forces Subcommittee, which I chair, we discussed the
5 implications of Russia's nuclear strategy, often referred to
6 as the escalate/deescalate. And General Koehler, who is a
7 former Commander of the U.S. Strategic Command, made the
8 point that the Russian approach reinforces the value of NATO
9 remaining a nuclear alliance, as well as the need for the
10 deterrent value provided by U.S. nuclear weapons that are
11 stationed in Europe.

12 In your written statement, you say that NATO and U.S.
13 nuclear forces continue to be a vital component of our
14 deterrence. Our modernization efforts are crucial. We must
15 preserve a ready, credible, and safe nuclear capability.

16 Do you agree that NATO must remain a nuclear alliance
17 and that the U.S. must continue to station those nuclear
18 weapons on the European continent?

19 General Scaparrotti: Yes, Senator, absolutely I do.

20 Senator Fischer: Can you outline to us specific
21 benefits that we receive by having those stationed there?

22 General Scaparrotti: Well, first of all, it provides
23 an immediate response that is within the NATO alliance as
24 opposed to just the U.S. It represents the alliance in a
25 response by 28 nations, a commitment by 28 nations that we

1 will deter and we will deter their nuclear forces. I think
2 that alone is significant.

3 Secondly, it gives us some other options because we
4 have not only the U.S. but other contingents that provide
5 essential capabilities within that nuclear capability. So
6 there is more agility there as well.

7 Senator Fischer: And it recognizes the importance of
8 deterrence. Thank you, General.

9 Thank you, Mr. Chairman.

10 Chairman McCain: Senator Shaheen?

11 Senator Shaheen: Thank you, Mr. Chairman.

12 And thank you, General Scaparrotti, for being here this
13 morning and for your service to the country.

14 I want to follow up on the line of questioning that
15 Senators McCain and Reed started on the whole information
16 warfare issue. When former General Breedlove was before the
17 committee earlier this week, he pointed out that recently
18 Russia has established an information warfare division
19 within its armed forces. Do you think NATO should be
20 looking at something like that? Are there already efforts
21 underway? You talked about the RIG group, but should we be
22 doing more within NATO to address the propaganda that Russia
23 is putting out throughout Europe and the United States, by
24 the way?

25 General Scaparrotti: Yes, Senator. I think in the

1 United States, we have organization I think to effectively
2 operate. What we need to do is policy and then actions that
3 flow from that within the United States. That is a whole-
4 of-government approach. That is probably not the structure
5 that we have in the way that we need it today. So it is
6 more of a whole-of-government response I would tell you. I
7 think we are pretty agile in the military, rather than
8 establishing some information command, et cetera. We have
9 smaller units that tactically execute these kinds of
10 missions. I have them in EUCOM.

11 Within NATO, NATO has taken this on as well, but it is
12 somewhat nascent at this point. And I think we do have to
13 pursue that. I mean, we have got an adversary here who is
14 using this to very good benefit, and we have to compete
15 short of conflict in this area as well.

16 Senator Shaheen: But as you point out, we do not
17 really have a strategy to do that, and we do not have
18 anybody in charge of that in the United States Government.
19 I mean, we have the Global Engagement Center that is
20 starting up in the State Department. I have spoken, as I am
21 sure others have, with the continuation of the efforts we
22 had during the Soviet Union when we had the Cold War and we
23 had Radio Free Europe, and they did a terrific job in those
24 days. But we do not have a continuation of that that is
25 part of sharing and cooperating with factually presenting

1 what is happening in the West compared to what is going on
2 with Russia's propaganda.

3 So where should that effort be located. Do you have
4 thoughts about who should participate in that and how we
5 better coordinate what we are doing?

6 General Scaparrotti: Yes, Senator, I do. I think
7 actually that the RIG, the Russian Information Group, which
8 I mentioned, is actually a good structure to start with. It
9 has State as the lead, co-chaired with European Command. It
10 has all of the other agencies involved in that. The GEC is
11 a key leader in that, which has been empowered to do the
12 communication piece of the State. But, you know, it is not
13 robustly supported. I do not believe that it has the kind
14 of focus and priority that we need to have. So, therefore,
15 it exists but it needs to really be reinforced, funded. And
16 then as you said, I think we have all the talent and
17 creativity we need in this Nation to do this better than
18 anybody else. We just need to decide to do it.

19 Senator Shaheen: Thank you.

20 There was a report. Actually I agree with you. I just
21 want to make that clear.

22 There was a report earlier this week about Russia
23 training Kurdish fighters. And it was not clear to me to
24 what extent they were doing that. But how is Turkey
25 responding to that report? Are they concerned about what

1 Russia is doing, and how does that affect their sort of
2 growing rapprochement with Russia?

3 General Scaparrotti: Senator, I have not talked to my
4 counterpart, the CHOD in Turkey, since this report came out.
5 So we have not talked directly. I cannot tell you exactly
6 what their response on this would be.

7 But given my association with them and their concern
8 about the PKK and associated groups, Kurd groups, that are
9 aligned with them, I think they would have great concern
10 about it. They want to ensure that the attacks that they
11 have from the PKK are not reinforced in any way -- Turkey
12 does. They also want to ensure that they do not have -- the
13 cantonments in Syria are not connected in Syria so they have
14 Kurdish entity across their entire across their entire
15 southern border. And given those two objectives, I think
16 they are very concerned about it probably.

17 Senator Shaheen: Thank you.

18 Thank you, Mr. Chairman.

19 Chairman McCain: Senator Inhofe?

20 Senator Inhofe: Thank you, Mr. Chairman.

21 General, last weekend, I was in the Ukraine and was
22 observing their training. The 45th does a great job. In
23 fact, that is the same group that not long ago was providing
24 the same training of training in Afghanistan and Iraq. And
25 so they are going to be there for a year long. You know, I

1 watched that, and there is really an art to that. And they
2 are doing a great job because most people will think that
3 they are there to train the Ukrainians or wherever they are
4 stationed, but they really there to train them to train the
5 others, and there is a big difference. So I wanted you to
6 know that they are really doing a good job.

7 During the parliamentary elections in 2014, I was with
8 Poroshenko and the crowd when, of course, they had that huge
9 success, the first time in 96 years. No Communist is in the
10 parliament there. And so, as you know, it became very
11 controversial after that took place and Putin started
12 killing Ukrainians, and we wanted to provide the lethal
13 defensive assistance. Our committee was pretty much
14 unanimous on that. The administration was not that excited
15 about it. So in both the fiscal year 2016, we authorized
16 \$300,000, in fiscal year 2017, authorized \$350,000 for the
17 security assistance for Ukraine, including lethal assistance
18 such as anti-armor weapons.

19 So General Dunford during his nomination hearing said
20 this. Quote. He said, I think it is reasonable that we
21 provide that lethal support for the Ukrainians. Frankly,
22 without that kind of support, we are not going to be able to
23 protect themselves against the Russia aggression.

24 So I would kind of like to get your idea. Do you agree
25 with him? Do you agree also that we need to provide that

1 assistance? What are we providing now and how much more
2 should we?

3 General Scaparrotti: Senator, thank you. In short,
4 yes, I do agree with him. I have been there twice recently.

5 I would note that I agree. The Guard is doing a very
6 good job there and an important one in their training
7 relationship with the Ukrainians.

8 In terms of lethal support, the Ukrainians are in a
9 very tough fight, which you saw. They are very disciplined
10 soldiers. But they are facing what we say are separatists.
11 They are actually Russian proxies in my mind. They are
12 being provided very lethal equipment. The Russians are
13 providing the separatists that. The Russians are also
14 testing some of their new TTPs there. So we need to
15 reinforce the Ukrainian military as much as we can and
16 provide them the best opportunity to fight what is a very
17 lethal Russian proxy at this point.

18 Senator Inhofe: And I agree with that. I have a
19 question for the record as to what kind of equipment
20 specifically we should do.

21 But I want to mention one thing. Do you happen to
22 know-- his name is Fatmir Mediu. He was the Secretary of
23 Defense in the Albanian defense. They had a meeting, and I
24 happened to be attending that meeting -- it was on January
25 31st -- kind of a roundtable talking about ISIS and the

1 threat in the Balkans. And it was kind of revealing.

2 Apparently a lot of the ISIS recruiting is taking place in
3 the Balkans right now. Do you have any comment to make as
4 to what our activity is there in terms of what the threat is
5 there? Are we working with them as closely as we should?

6 General Scaparrotti: I am very concerned about the
7 stability in the Balkans, and one of the reasons is that
8 what is generally a moderate or a Western-looking Islamic
9 population is increasingly being affected by extremist
10 influence there. And part of that is recruiting for ISIS.
11 And so it is a trend right now. It is one I think we have
12 to pay very close attention to.

13 Senator Inhofe: Okay. That is good. I appreciate it.

14 Now, my time has expired, but for the record, I would
15 like to get as specific information as we could as to what
16 best we could afford to send over there against the
17 aggression that they have. Okay?

18 General Scaparrotti: Yes, sir. Thank you.

19 Senator Inhofe: Thank you.

20 Chairman McCain: Senator Heinrich?

21 Senator Heinrich: Welcome, General.

22 As was mentioned earlier, it is being reported that our
23 Secretary of State will be missing the NATO summit of
24 foreign ministers in a couple weeks. This obviously comes
25 at a time when the administration has criticized the value

1 of NATO. Russia is meddling in European elections, and
2 Russia is threatening our NATO allies in the Baltics.

3 Do you have any opinions on whether this sends the
4 right signal to our NATO allies? And what kind of messages
5 do you think we should be sending to our NATO allies at this
6 time?

7 General Scaparrotti: Senator, I think it is essential
8 that our allies in NATO understand that we are absolutely
9 committed to the alliance and continue to be a key leader
10 within the alliance.

11 I noted this morning that the Secretary-General and the
12 Secretary had met, and they are looking for a date that all
13 of the allies can meet for the foreign ministers conference.
14 And I hope that is, in fact, worked out and that becomes a
15 reality.

16 Senator Heinrich: As do I.

17 General, Russian denial, deception, disinformation were
18 all important parts of the hybrid warfare campaign that we
19 saw during the illegal seizure of Crimea and its Russian
20 support for separatists in eastern Ukraine. As EUCOM
21 Commander, you lead much of the effort to identify and
22 attribute Russian disinformation operations. Can you
23 describe for us how Russia is organized to conduct this kind
24 of information warfare and what techniques you are seeing on
25 display in the Ukraine?

1 General Scaparrotti: Thank you.

2 When you are talking about this, you think about it in
3 a military organization, but frankly, what I think is
4 important is that Russia actually has a very broad set of
5 groups to include their intelligence groups that are doing
6 this. So they actually have a whole-of-government approach
7 on this, which I think makes it one more difficult. It is
8 one of the reasons that we also see what I think is a pretty
9 rapid or agile use of social media, TV --

10 Senator Heinrich: Absolutely.

11 General Scaparrotti: -- cyber, et cetera. So it is a
12 force to be reckoned with at this point. And I think it is
13 that organization that gives them the ability.

14 Senator Heinrich: Do you have recommendations in terms
15 of building our capacity or that of our allies and partners
16 in the region to be able to resist these kinds Russian
17 influence activities?

18 General Scaparrotti: Well, I think, first of all, in
19 EUCOM we have elements that today have missions to counter
20 Russian malign influence, both to identify it, counter it,
21 and then, third, we are building partner capacity. And we
22 are exchanging techniques, et cetera. Estonia has an
23 excellent cyber center of excellence, for instance. That is
24 a key node in NATO. We work very closely with that. So we
25 need to continue those kinds of partnerships and exchange of

1 skill and understanding how they are working. And I think,
2 particularly as an alliance, we can counter this.

3 Senator Heinrich: I think because of their proximity,
4 we actually have a lot to learn from our Balkan partners,
5 and given what we have seen even in our own elections, it is
6 time to learn those lessons.

7 Russia's air defense systems like the S-300 and S-400
8 threaten to block our ability to be able to project power in
9 the event of a conflict in the European region, particularly
10 in the Baltics. This certainly undermines the U.S. and
11 NATO's Article 5 commitment to the defense of these allies
12 and raises concerns about the alliance's ability to deter an
13 increasingly aggressive Russia.

14 How capable are the Russian air defense systems
15 particularly in Kaliningrad?

16 General Scaparrotti: Sir, I would just state in an
17 unclassified venue, they are very capable. The newer
18 systems like the S-400 is a definite enhancement in their
19 capabilities. That is why we are concerned about it. As
20 you stated, their location in Kaliningrad and Crimea and the
21 Mediterranean provides difficulty for our access and
22 mobility. We can counter this. I am confident of that.

23 Senator Heinrich: Do you have opinions in that regard
24 on what types of next generation technologies, for example,
25 we will need to effectively counter the Russian A2/AD

1 capabilities?

2 General Scaparrotti: Up front what I talked about in
3 terms of our advanced aircraft, fifth generation, enhanced
4 munitions, particularly long-range precision munitions,
5 electronic warfare, those things generally is what we need
6 to continue our modernization efforts on. And if you would
7 like, I could give you a more specific in a classified
8 response, obviously.

9 Senator Heinrich: I would appreciate that, General.
10 Thank you, Chairman.

11 Chairman McCain: Senator Rounds?

12 Senator Rounds: Thank you, Mr. Chairman.

13 General, thank you for your service. I appreciate the
14 opportunity to visit for just a few minutes today.

15 With regard to Montenegro, the chairman had begun the
16 discussion in terms of the possibilities that they could
17 become a member of NATO. If they were to become a member of
18 NATO, what would you expect the Russian response to be and
19 how would you prepare for it?

20 General Scaparrotti: Senator, I think we have probably
21 seen their response in terms of their activity and their
22 attempt to block that. I think to a certain extent, they
23 know this is going to happen. I trust it will.

24 In a conversation with one of NATO's ministers, one of
25 the countries that has communication with Russian

1 leadership, he shared with me that a Russian leader told him
2 that Putin had said he lost Montenegro, but there will not
3 be another Montenegro. I think that is an indication of how
4 they think and how important it is to them that these other
5 nations that seek to have a democratic government and turn
6 to the West are under threat. It is one of the reasons that
7 I think Russia continues to have frozen conflicts and be
8 present in places like Georgia and Ukraine because it is
9 their means of controlling that.

10 Senator Rounds: You have got extensive background in
11 Europe. You know a number of the European leaders. With
12 the change in administrations, naturally there are going to
13 be some questions in terms of policy changes, decision-
14 making processes, and so forth. What questions are you
15 getting from your European contacts in terms of leaders and
16 what concerns do they have?

17 General Scaparrotti: Well, I think, first of all, as a
18 new administration comes in, they want to ensure that we are
19 committed to the alliance and the security of the
20 transatlantic AOR. For instance, Secretary Mattis at the
21 first NATO meeting at the defense ministers conference made
22 our commitment very clear, as did Vice President Pence, at
23 Munich. And I think that is critical. They look to that.

24 They also now look to what are the policies and are the
25 policies consistent with security in the transatlantic

1 region. Of course, in a new administration, they are
2 looking forward to policies with respect to NATO, policies
3 with respect to Afghanistan and others.

4 Senator Rounds: When it comes to doing your job, you
5 clearly have to have the tools and the tools in proper
6 working order in order to get the job done. If you could
7 give us a list of those areas that you have the most concern
8 with our capabilities today. And I will just give you an
9 example. The fact that right now if we have one task force
10 leaving the Mediterranean coming through and another one
11 going in, in some cases we are actually stopping in the
12 middle of the Mediterranean and trading ammo because we do
13 not have enough ammo to literally maintain operational
14 capabilities in multiple task forces. Those types of things
15 concern us. We have a nuclear submarine sitting at the dock
16 because literally we cannot get the maintenance done on it
17 so that it is certified to die at this stage of the game --
18 a nuclear submarine. The readiness clearly is not there in
19 some cases.

20 Do you have issues right now under your command that
21 you would share with us that you have concerns with?

22 General Scaparrotti: Senator, I would like to get into
23 detail in a classified or closed session. But generally I
24 would say this. The demands of our security strategy today
25 in the dynamic world that we are working in requires us to

1 have more capacity than we have today in our armed forces.
2 You noted the Navy. So in Europe, I do not have the carrier
3 or the submarine capacity that would best enable me to do my
4 job in EUCOM. It is sufficient, but it is not what ideally
5 I would like to have to deter Russia, assure our allies,
6 build their capacity, work with them on the basis that we
7 need to work with them. So that is an example of the areas.

8 Now, you mentioned munitions. I am concerned about
9 that as well because we are using munitions today in those
10 places where we are in conflict. And the adversaries that
11 we face, for instance, Russia or China or North Korea, will
12 be high intensity conflicts. And we have to invest in the
13 stockpiles that we need, and we also have to invest in
14 enhancing those munitions so as we look to the future, we do
15 not find ourselves in a position where our adversaries have
16 outpaced us.

17 Senator Rounds: Thank you, General.

18 Thank you, Mr. Chairman.

19 Chairman McCain: Senator Peters?

20 Senator Peters: Thank you, Mr. Chairman.

21 And thank you, General Scaparrotti, for being here
22 today. I certainly appreciate your testimony and also
23 wanted to thank you for being very generous with your time
24 at the Munich conference where we had an opportunity to
25 discuss many of these issues at length.

1 General, as you are well aware, we are increasingly
2 relying on space, cyberspace, and fiber optic communications
3 cables in all aspects of our lives. And these systems are
4 also critical for social and economic activity, and their
5 assured access and availability is vital to the U.S.
6 strategic stability. And when you look at Russia's navy
7 operations right now in the EUCOM theater, which includes a
8 significant footprint in the Arctic, which is growing
9 dramatically without necessary response from us, and a \$2.4
10 billion expansion of the Black Sea fleet by 2020, Russia
11 appears committed to bolstering their military
12 infrastructure on EUCOM's flanks. This increased OPSTEMPO
13 includes naval activity that suggests that Russia right now
14 is exploring undersea cable vulnerabilities at much greater
15 depths, depths where the cables are difficult to monitor and
16 breaks are harder to repair.

17 So my question is, in general, what is your assessment
18 as to whether or not we have sufficient redundancy within
19 EUCOM's command and control architecture, to include
20 ballistic missile defense systems, to withstand a
21 coordinated attack on our undersea, terrestrial, and space-
22 based communication systems that you rely on?

23 General Scaparrotti: Sir, what I would like to do is
24 respond to that in a classified venue so I can give you a
25 very accurate answer.

1 Senator Peters: Sure.

2 General Scaparrotti: I am confident of our ability to
3 operate today. As I just said, we just did our command post
4 exercise, and we were looking at that. But we need to
5 modernize what we have today in terms of command and
6 control, as you noted, in order to have the right kind of
7 resilience with the adversary that we face. You need a good
8 deal of redundancy to be sure. And that is one of the
9 areas. If you note in a classified venue, what I have
10 asked of OSD, that is one of the key areas that I think we
11 need to work on is the C-4 structure within Europe.

12 Senator Peters: Well, I would appreciate that and
13 actually following up on Senator Heinrich's questions too as
14 you come back to brief on some of the A2/AD capabilities. I
15 would be interested in learning more about that,
16 particularly when it comes to next generation, what we need
17 to be investing in today to be ready for the years ahead as
18 warfare changes dramatically in the next few years.

19 But based on capabilities, to follow up my last
20 question here related to capabilities, in the fiscal year
21 2016 NDAA budget, I co-led an effort to enhance lethality of
22 the Stryker vehicles with a 30 millimeter cannon. This was
23 in response to an operational needs statement from the 2nd
24 Cavalry Regiment where the Strykers were the heaviest
25 vehicles permanently stationed in Europe at that time. And

1 I understand that the work to add the 30 millimeter cannon
2 to Strykers is going well. The first prototype was
3 successfully delivered last October, and training is
4 beginning on those vehicles.

5 The ERI also provides funds for upgrading the Abrams
6 tanks to be prepositioned in Europe as well.

7 So could you just provide an update on the need for
8 this capability and if we need to continue to be moving
9 forward and that any lapses in that upgrade either of the
10 Abrams or the Stryker is a problem or not for you?

11 General Scaparrotti: Senator, thank you very much.

12 It is not a problem for me, but it is a priority --

13 Senator Peters: Right.

14 General Scaparrotti: -- given the adversary that we
15 have who continues to modernize. Particularly Russia is
16 modernizing their armored force, as well as in each one of
17 their services, they are making advancements. So it is
18 critical that we outpace that, that we provide our soldiers
19 in this case the very best equipment that we can and we
20 continue to upgrade it.

21 Abrams is a fine tank, but as technology changes, we
22 can make upgrades to it and make it better, and we make it
23 better in terms of defense as well. And we owe that to our
24 soldiers.

25 Senator Peters: And the Stryker as well?

1 General Scaparrotti: And the Stryker as well,
2 absolutely.

3 Senator Peters: Great. Thank you, General. I
4 appreciate it.

5 General Scaparrotti: Thank you.

6 Chairman McCain: Senator Sullivan?

7 Senator Sullivan: Thank you, Mr. Chairman.

8 And, General, good to see you. Thanks for spending
9 time with a number of us in Munich.

10 Do you agree that one of the most important strategic
11 advantages we have in terms of our national security is that
12 we are an ally-rich nation, our adversaries are ally-poor?

13 General Scaparrotti: Senator, absolutely.

14 Senator Sullivan: And do you also agree that the ally-
15 poor nations like Russia, China, North Korea, Iran -- that
16 they recognize that -- they do not have many allies at all--
17 and that they try to undermine our alliances? Is that not
18 what certainly Vladimir Putin is up to?

19 General Scaparrotti: Yes, sir. I think his intent is
20 actually to fracture NATO, and I think it is because he does
21 fear NATO. He knows the power of that alliance.

22 Senator Sullivan: So given that, are we doing enough
23 diplomatically, militarily right now -- the Trump
24 administration -- to reinforce our alliances, expand our
25 alliances, deepen our alliances? What is your assessment of

1 what we are doing and what we could be doing better whether
2 it is in the military realm or diplomatic realm? How are we
3 doing on that?

4 General Scaparrotti: Sir, I think we absolutely have a
5 focus on building partner capacity, building our
6 relationships with our partners. We are a leader in NATO.
7 From a EUCOM perspective, that is something -- I mean, we
8 work on this every day. I do not think there is any
9 question of that particularly on the military side. It is a
10 very close relationship with our partners. It is day to
11 day. And you know, it works both ways. We learn from our
12 alliance partners as well.

13 Senator Sullivan: Are there things that you recommend
14 that we could do more of or better in that regard? It is
15 really, really an important issue -- or the Senate? We play
16 a big role in terms of our allies, treaties.

17 General Scaparrotti: Well, I think in terms of the
18 alliance itself, here again, I keep coming back to it, but I
19 think it is whole-of-government in the sense that every
20 agency in the government does their part and it is clear to
21 our allies that from every agency in the United States, that
22 the alliance is important and it shows and demonstrates in
23 its actions that the alliance is the bedrock of
24 transatlantic security. So there is no disagreement in what
25 they see in terms of action, not just on the military side

1 but in terms of our diplomacy, our information, our
2 economics, et cetera.

3 Senator Sullivan: I wanted to switch over to an issue
4 that a number of us have been focused on and we have had
5 discussions on it, is what is happening in the Arctic and
6 the increasing importance of that region in terms of
7 strategic resources, transportation, a lot of concerns of
8 our NATO allies like the Norwegians and others about the
9 significant Russian buildup in the Arctic. And as you know,
10 it does not look like a friendly buildup: four new brigade
11 combat teams, a new Arctic military command, very aggressive
12 actions in the high north, including a military exercise
13 that was a SNAP exercise with close to 50,000 troops that
14 EUCOM was barely aware of, which is kind of, in and of
15 itself, not a good sign.

16 A number of us, Senator King, the chairman, were
17 concerned enough that we did not have a strategy on that.
18 So we required the Secretary of Defense to actually put
19 forward a new Arctic strategy. There is a classified and
20 unclassified version. Have you read that?

21 General Scaparrotti: I have not read it, no.

22 Senator Sullivan: So I would highly recommend that you
23 take a look at it because it is the new DOD strategy. It is
24 not perfect, but it is a heck of a lot better than the one
25 that was previously published by DOD, which was pretty much

1 a joke. And so, of course, EUCOM has a lot of important
2 elements to play in that strategy.

3 But one of the things it emphasizes, it does talk about
4 our strategic interests, which the last strategy did not
5 even bother to do. But one of the things it emphasizes is
6 looking at freedom of navigation operations, the ability to
7 actually push back on the Russian buildup, which includes 40
8 icebreakers, 13 more under construction, several new
9 seaports and harbors.

10 But although it emphasizes FONOPS, do you think right
11 now if Russia decided to deny access to vital U.S. or Arctic
12 shipping lanes in the Arctic region, that you as the
13 Commander of EUCOM -- could you provide the President an
14 option of conducting a surface FONOP to challenge that act
15 like we are trying to do in the South China Sea, given our
16 assets right now? Because the strategy emphasizes FONOPS,
17 but it certainly seems like the means that we have right now
18 would not enable you to make such a recommendation to the
19 President. What do you think about that, General?

20 General Scaparrotti: I think it is would depend as
21 well on the circumstances in terms of location and time of
22 year because of the assets that we have as well. As you
23 know, the northern sea route lays in closest proximity to
24 Russia's coastline as well, which complicates that given
25 their military buildup. So we clearly need to invest more

1 in the kind of assets that help us in the Arctic. So that
2 is how I would respond to that, Senator.

3 We can give options. We certainly need to improve our
4 capabilities. And I am concerned as well about our
5 capabilities with respect to the high north and security of
6 the North Atlantic, et cetera.

7 Senator Sullivan: That is just a diagram of what the
8 Russians are doing. It is pretty significant.

9 Thank you, Mr. Chairman.

10 Chairman McCain: Senator King?

11 Senator King: Thank you, Mr. Chairman.

12 First, General, I want to thank you and your staff for
13 preparing and presenting to the committee this map which I
14 think is extraordinary. I am a great believer that you
15 cannot confront your adversaries unless you understand them,
16 unless you understand how they think. And to me the amazing
17 or very interesting and illuminating part of this map it
18 shows the borders of the Soviet Union in 1989 and today the
19 borders of Russia. And essentially from Putin's point of
20 view, his border retreated about 1,000 miles across a whole
21 front of eastern Europe. And clearly that is part of his
22 world view in terms of Russia's proper place in the world.
23 Would you agree?

24 General Scaparrotti: Yes, sir, I agree. That is why I
25 think the map is illustrative because I think if you are

1 Putin, you are looking out for Moscow and you see what I
2 think he would consider to have been his strategic buffer.
3 It tells you a bit about his mindset, and from what we know
4 about him, he feels as though he has been encroached upon,
5 that he has this sphere of influence that he believes is
6 rightfully his. Of course, these are nations that have a
7 right to determine their own government.

8 Senator King: And part of Russia's history is a kind
9 of paranoia about the West, going back to Frederick the
10 Great and probably Napoleon. They have, in fact, been
11 invaded from the West. And again, that contributes to this
12 mindset. Would you not agree?

13 General Scaparrotti: I agree, sir. Yes, sir.

14 Senator King: And that gets to my real concern -- and
15 I have raised this in other hearings -- both in the South
16 China Sea or in Europe, is the danger of an accidental war,
17 a danger of misunderstanding, confusion, leading to some
18 kind of escalation.

19 What protections do we have from a misunderstanding?
20 For example, we deploy what we consider a defensive rocket
21 battery, missile battery in Poland, and the Russians read
22 that as an aggressive act, and it goes from there. How do
23 we ensure that does not happen? As I view the world today,
24 I think this is our gravest sort of state-to-state danger,
25 is misunderstanding and leading to accidental conflict.

1 General Scaparrotti: Yes, sir. The thing that I worry
2 about the most just day to day is that there is a
3 miscalculation or an issue where we have forces in close
4 proximity. So how do we deal with that?

5 First of all, there are international norms in the air,
6 at sea, et cetera that day to day the Russians adhere to as
7 well. We have seen violations of that on their part. But
8 it enables us --

9 Senator King: Deconfliction.

10 General Scaparrotti: It is deconfliction. That is
11 correct. It is a good word.

12 The second thing is I think it is important that we
13 communicate with them. Today we do that primarily through
14 the media, et cetera. But we have, as you know, connection
15 with the Russians for deconfliction. I think that
16 communication is important because what I try to do in
17 EUCOM --

18 Senator King: Do you have direct lines of
19 communication with your opposite number in Russia, for
20 example?

21 General Scaparrotti: I do not today.

22 Senator King: Do you not think that would be a good
23 idea? You could say, wait a minute, that missile was
24 launched by accident, do not get alarmed. I mean, I think
25 having that kind of communication and at the higher level,

1 at the State Department or at the White House level, there
2 should be the opportunity anyway for this kind of
3 communication.

4 General Scaparrotti: We do have communication for
5 deconfliction within OSD today. It is limited. I agree
6 with you. I think communication is an important component
7 of deterrence, for instance. But I think also given
8 Russia's behavior, there is some limitation to that. We
9 should not reward them for some of their bad behavior as
10 well. So we should do what we need to do to ensure we are
11 safe and we deconflict.

12 Senator King: I am not suggesting warning them. I am
13 just suggesting if something occurs, you could get on the
14 line and say, wait a minute. Do not misinterpret that.
15 That is where the concern comes.

16 General Scaparrotti: That is correct.

17 Senator King: We talked a lot -- and I just want to
18 associate myself with many of the other comments about the
19 information war. To me, the specific answer to our failure
20 to engage successfully in the information war goes back to,
21 I think, 1998 or 1999 when we abolished USIA. There is no
22 single point in the United States Government today that is
23 in charge of information, and I think it is inexcusable that
24 the country that invented Hollywood and Facebook is being
25 defeated on the information battlefield. And clearly, that

1 is part of the war that we are engaged in. Putin is
2 achieving great success in Europe and across the world and
3 one would argue in many areas without firing a shot through
4 effective use of information. I think our friends on the
5 Foreign Relations Committee perhaps can consider that. But
6 USIA was the point and now we do not have it. So I hope we
7 can recover that capacity sooner rather than later.

8 Thank you very much, General.

9 Senator Reed [presiding]: On behalf of Chairman
10 McCain, Senator Cruz please.

11 Senator Cruz: Thank you very much, Senator Reed.

12 General, good morning. Thank you for your service.

13 The European theater continues to be a vital concern, a
14 critical and complex region that will always be near the top
15 of our national security priorities.

16 I want to begin by focusing on the repeated reports we
17 are seeing of Russia's growing support for the Taliban and
18 for ISIS. General Nicholson testified last month that
19 Russia is attempting to legitimize the Taliban and undermine
20 the Afghan Government. Just a few weeks ago, General Votel
21 expressed his concerns regarding the extent to which Russia
22 has managed to prop up the Assad regime. And in the same
23 hearing, General Waldhauser said that Russia is trying to
24 exert influence on the outcome of which entity emerges with
25 control of the government inside Libya. That is a fairly

1 comprehensive list of radical Islamic terrorist hotspots
2 across the globe from Afghanistan to the Middle East to
3 Africa and Russia seeking additional influence with each.

4 How should this inform our future strategic choices
5 with respect to Russia, and what impact would that have on
6 your AOR?

7 General Scaparrotti: Senator, thank you. I think
8 those are all accurate. I agree with all their statements.

9 I think actually that it is a part of Russia's intent
10 to present themselves as a global power. In my view, where
11 they are involved, they are not necessarily so concerned
12 about the outcome, just that they can be a part of it. They
13 can be seen as being a part of that. Whether it is an
14 effective outcome I do not think it is as much of a concern
15 to them.

16 So that is what we need to take from this, more so from
17 our point of view the fact that they are a spoiler often in
18 many of these cases. So we also have to engage them in this
19 manner, and we have to engage globally as well in these
20 places in order to ensure that we have the proper influence.

21 Senator Cruz: And if Russia were to succeed in
22 undermining the Afghan Government, what would the effect of
23 that be on the NATO alliance?

24 General Scaparrotti: It would be significant. I mean,
25 NATO and the United States in my view must win in

1 Afghanistan. And I agree. I have seen the influence of
2 Russia of late, an increased influence in terms of
3 association and perhaps even supply to the Taliban.

4 Senator Cruz: We have also seen over the past few
5 months numerous instances of Russian aggression or hostile
6 behavior such as Russian jets buzzing the U.S. Navy
7 destroyer Porter and numerous intercepts of U.S. aircraft in
8 the Baltic Sea. And some of these incidents have been
9 exceedingly unsafe. Recently Russia also deployed a land-
10 based cruise missile in clear violation of the INF Treaty.
11 And also, a Russian spy auxiliary, gathering intelligence,
12 ship conducted operations off the U.S. coast near our
13 submarine bases.

14 General, in your professional opinion, what should be
15 the U.S.'s responses to these actions? How do we reduce
16 Russia's flouting of international norms?

17 General Scaparrotti: Senator, first of all, we must be
18 strong in all that we do. We should confront them in each
19 of these occasions or each of these incidents. And then we
20 need to sail and fly every place that is within
21 international norms and international airways and maritime.
22 We just need to keep doing that. You know, for instance, in
23 the Baltic or in the Black Sea, these encounters are their
24 means of showing us their displeasure for us being there.
25 We have every right to be there. We have, in fact,

1 increased our presence, and I think that is the right step,
2 increase our presence and insist on the fact that we have
3 every right within international law to operate there and
4 continue to do so.

5 Senator Cruz: Let me shift to a different question.
6 American forces have conducted several deployments in
7 support of Operation Atlantic Resolve to demonstrate our
8 commitment to the stability of Europe. Recently 400
9 soldiers and 24 AH-64 Apache helicopters deployed to Europe
10 from Fort Bliss. However, earlier this month, the Army's
11 Deputy of Chief for Operations, Lieutenant General Joseph
12 Anderson, expressed concerns regarding sustainable readiness
13 for the Army's future rotations. In essence, it sounds like
14 soldiers that are coming home from one deployment will have
15 less time to get ready and train before re-deploying to the
16 European theater. That or the Army will be forced to reduce
17 its global commitments.

18 General, do you share the same concerns as General
19 Anderson regarding this rotation of forces. And what impact
20 do you see in your AOR, and what do you recommend to improve
21 the situation?

22 General Scaparrotti: Senator, first of all, it is
23 crucial that we continue the rotations within Europe for
24 deterrence of Russia and for assurance and support of our
25 allies, the commitments that we have made. But I do agree

1 with General Anderson that, for instance, in the Army, as an
2 Army officer, we are less than a 1-to-2 dwell. We are
3 turning our people very quickly. It is the reason that our
4 Chief has said that we need to grow our force, and we need
5 to focus on readiness, as he is doing, because we are
6 committed today at a very high rate.

7 Senator Cruz: Thank you, General.

8 Senator Reed: Thank you, Senator Cruz.

9 On behalf of the chairman, Senator Donnelly please.

10 Senator Donnelly: Thank you, Mr. Chairman.

11 General, thank you very much for being here.

12 We talk a lot about Russia's escalate to deescalate
13 strategy or the idea that Russia has indicated through its
14 words and its exercises that it sees the use of tactical
15 nuclear weapons to supposedly deescalate a conflict as a
16 realistic option.

17 How should NATO respond to this? And does the United
18 States have the capabilities whether through dual-use
19 aircraft or strategic bombers to deter such an escalatory
20 move?

21 General Scaparrotti: Senator, thank you.

22 As I have said, we should be strong in the face of both
23 their rhetoric, their actions, and their modernization. And
24 we do have the capability to deter this. But we must remain
25 strong and we must continue to modernize given the pace of

1 their modernization so that in the future we continue our
2 dominance.

3 Senator Donnelly: I am just wondering personally. Do
4 you think that Vladimir Putin and/or the Russians believe
5 that they could use a nuclear weapon without a similar
6 scaled response?

7 General Scaparrotti: That is a good question. I think
8 that about that a lot.

9 You know, they have said publicly that they see the
10 potential of the use of a nuclear weapon in what we would
11 consider a tactical and conventional means. And that is
12 just alarming.

13 Senator Donnelly: I think it is a clear
14 misunderstanding of who we are as well --

15 General Scaparrotti: Exactly.

16 Senator Donnelly: -- is what I think.

17 I was privileged to be over in Georgia and Ukraine not
18 too long ago. My friend and fellow Hoosier, Senator Lugar,
19 helped create the Nunn-Lugar Cooperative Threat Reduction
20 program to combat the spread of weapons of mass destruction.
21 And while we were there, we spent a lot of time working with
22 the Georgian and Ukraine Government in efforts to counter
23 the smuggling of those materials.

24 Russia has destabilized borders in both these
25 countries, and I am concerned about the impact that has had

1 on the ability to smuggle nuclear material through
2 uncontrolled regions like eastern Ukraine. In Georgia, in
3 fact, the special police unit calls those kind of areas the
4 black holes. It is a serious threat given that the
5 smuggling networks in these regions reach to the terrorist
6 networks in the Middle East. That is the pipeline.

7 And I was wondering what EUCOM is doing to counter this
8 effort at the present time.

9 General Scaparrotti: Thank you, Senator. Your
10 pipeline that you described is accurate.

11 We have a transnational threats element within EUCOM.
12 It is whole-of-government. It relies mostly on not just the
13 military piece but mostly on other agencies within our
14 government connection with our partners and allies, with
15 Europol within EU, et cetera. It is a network essentially
16 to help us highlight criminal networks. They are often very
17 closely aligned and working with our terrorist networks. So
18 that is one of the major things that we do. It is an
19 important function, and it is a central part of our counter-
20 transnational threats line of effort, which is one of our
21 five lines of effort.

22 Senator Donnelly: I want to follow on some of the
23 questions my colleague, Senator Fischer, asked earlier about
24 Russia's INF violations and their deployment of nuclear-
25 armed ground-launched cruise missile. They have similar air

1 and sea launch capabilities that do not violate the INF. So
2 why do you think they are deliberately choosing to deploy a
3 seemingly redundant capability on land?

4 General Scaparrotti: Well, I think that it would
5 provide them a capability internal to their country that
6 gives much great reach, simply put.

7 Senator Donnelly: Do you feel that all of the steps
8 being taken in Kaliningrad with the Iskander short-range
9 missiles -- that the goal of all of that is to divide us, to
10 undermine NATO, to try to separate the commitment from one
11 to the other?

12 General Scaparrotti: Senator, I think that is part of
13 it. I think much of what they do is to undermine confidence
14 in NATO, undermine confidence in the West. You know, it is
15 to threaten them with the idea that we can have control over
16 a swath of your country or a number of countries in the
17 region with these systems.

18 Senator Donnelly: I want to thank you. You have a
19 real challenge on your hands at this time, but we want you
20 to know we are 100 percent behind you, that we will do
21 everything we can to provide you with all you need and that
22 you can tell all of our friends and allies over there that
23 we have their back.

24 General Scaparrotti: Thank you, Senator.

25 Senator Donnelly: Thank you, Mr. Chairman.

1 Senator Reed: On behalf of Chairman McCain, Senator
2 Ernst please.

3 Senator Ernst: Thank you, Mr. Chair.

4 Thank you, General Scaparrotti, very much.

5 It is good to know that you do support providing lethal
6 aid to our Ukrainian friends. It seems like we all do agree
7 that there should be that lethal assistance out there. And
8 I have made this clear to this administration. I made it
9 clear to the last administration as well. But I do hope
10 that this administration decides to provide the assistance
11 as soon as possible.

12 Recently I have grown increasingly concerned about
13 Russia's use of tactical drones to spot for artillery and
14 advanced technology for communication and GPS jamming. What
15 types of advanced technologies are the Russians using
16 against Ukraine and in other places as well? And is there
17 specific technology that we should be considering when we
18 are providing Ukraine the opportunity to counter that
19 technology?

20 General Scaparrotti: Thank you, Senator.

21 Actually in Ukraine what we see the Russians do is
22 somewhat what they have done in Syria, and that is use the
23 Ukrainian conflict as a place that they can test some of
24 their new technologies or TTPs, and one of them, as you
25 mentioned, is the sensor to shoot our linkages between

1 weapon systems and the use of drones, et cetera. That is a
2 problem that we are working on hard ourselves because we are
3 seeing a proliferation of that not just with the Russians
4 but in some limited ways as well with terrorists. So we are
5 working those technologies. The work with Ukraine provides
6 us an opportunity to test some of the things that we are
7 doing as well. And we simply need to make EW and those
8 kinds of things available to them that can help counter what
9 the Russian proxy forces are bringing to bear there.

10 Senator Ernst: Absolutely. Thank you.

11 And you also mentioned that you were concerned about
12 the stability in the Balkans. And on Tuesday, Ambassador
13 Burns joined us here and highlighted Russia's increasing
14 influence in Serbia. And specifically he did mention the
15 recent coup and assassination attempt in Montenegro that was
16 orchestrated by the Russians in Belgrade. And in light of
17 that effort targeting NATO interest, do you think we should
18 have a more robust presence in Kosovo as a means to deter
19 the Russians in the Balkans?

20 General Scaparrotti: Senator, I do. I have been to
21 the Balkans several times in recent months primarily to
22 learn more myself about the actual situation there, but also
23 to bring focus to it. The Russians are active in
24 undermining our efforts in the Balkans today, and we need to
25 provide additional interagency focus. I think this is a

1 matter of not just the military support with, say, the
2 Kosovo security force, et cetera, which we have troops in.
3 I think it is also a diplomatic and informational effort
4 with us and importantly with our partners because, as you
5 know, NATO and the EU have a large role to play in the
6 Balkans as well today and lead many of these organizational
7 efforts. So we all need to work together. And the military
8 is a part of it. On that point, I would say we should not
9 reduce our force size particularly the Kosovo security force
10 because it is kind of the bedrock of stability right now.
11 But we do need a much more robust diplomatic/informational
12 effort among the alliance there.

13 Senator Ernst: Absolutely. I think everything should
14 be on the table at this point in reassuring and assisting
15 our allies, our friends in the Balkans.

16 And then just very quickly, you have mentioned the
17 cyber center and how great it is, the cyber center that we
18 have in Estonia. And I will be meeting with their
19 ambassador later to discuss their cyber defense center of
20 excellence. So I am really excited about that opportunity.

21 And can you just tell me very briefly how well EUCOM
22 and NATO are prepared to defend against cyber attacks,
23 especially those that are aimed at disrupting the elections
24 that we will see ongoing in Europe?

25 General Scaparrotti: Well, first of all, within EUCOM

1 I think we are postured well to deal with cyber. Cyber
2 Command works very closely with us, and literally it is a
3 dynamic relationship because within the cyber domain, things
4 change so rapidly. So when we just had our exercise here
5 last month, we had an element from Cyber Command that acted
6 as a component per se in EUCOM reporting directly to me. So
7 I think we are modernizing, we are moving forward. We have
8 got good support. We have got a lot of work to do
9 particularly in capacity.

10 Within NATO, NATO recently determined that cyber was a
11 domain at the Warsaw Summit. That was important because
12 what it did is it provided direction to work doctrine and
13 policy in a much fuller way which is the commander within
14 NATO I need, and it gave me authorities to do more within
15 cyber in NATO, which we need to do. So on the defensive
16 side, pretty good. Beyond that, we are at the beginning of
17 this in terms of NATO complete cyber capability.

18 Senator Ernst: And I do hope that is something that we
19 can work on with them.

20 Thank you for your great service, sir. Thank you.

21 Chairman McCain [presiding]: Senator Warren?

22 Senator Warren: Thank you. Thank you, Mr. Chairman.

23 And thank you for being here, General.

24 I want to quickly ask about the importance of our non-
25 military foreign assistance to your mission. When you

1 appeared before this committee last year for your nomination
2 as EUCOM Commander, you said -- and I am going to quote you
3 here -- I strongly support the collaborative interagency
4 approach. In my experience, it takes a network with all
5 required agencies to defeat a threat network.

6 So, General, do you still agree with that statement?

7 General Scaparrotti: I do, absolutely.

8 Senator Warren: The budget proposal put out by the
9 Trump administration last week calls for a 29 percent cut to
10 the State Department and significant cuts to other agencies
11 with international responsibilities. General, would funding
12 cuts to agencies that conduct diplomacy and development make
13 your job as EUCOM Commander easier or more difficult?

14 General Scaparrotti: It will make the job more
15 difficult. I rely heavily on our relationships with the
16 other agencies in our government. Within my headquarters,
17 my POLAD is essentially one of my deputies, Ambassador
18 Elliott. That gives you an example of the importance we
19 place on it in EUCOM. And many of the things I have talked
20 about this morning, counter-transnational terrorism -- that
21 is predominantly agency personnel from State and Treasury.
22 It is not uniformed personnel that do those actions for
23 EUCOM in the United States and Europe.

24 Senator Warren: Thank you, General. I agree strongly
25 on this.

1 You know, Russia is actively working to destabilize
2 countries along its border and undermine unity within the
3 European Union and NATO. And they are doing this through a
4 lot of indirect tactics like enabling separatist forces and
5 disseminating propaganda and fake news. They even launched
6 a cyber attack to influence the results of our election
7 recently.

8 But Russia is also investing in other kinds of
9 asymmetric capabilities like disrupting communications
10 through electronic warfare or working to evade U.S. and NATO
11 surveillance and investing in space and cyber tools.
12 According to press reports and arms control analysis, they
13 violated the Intermediate-Range Nuclear Forces Treaty by
14 deploying ground-launched cruise missiles.

15 The European Reassurance Initiative, ERI, has helped to
16 counter some of these destabilizing activities. The United
17 States has deployed equipment and rotated forces into
18 Central and Eastern Europe, but I am wondering if this
19 standard display of force is the best way to deter Russia
20 now that Putin seems to rely more on indirect tactics.

21 So what I want to ask, General, is let us set aside
22 conventional forces and prepositioned equipment for just a
23 second, that it is there. What more can we do through ERI
24 to address Putin's indirect and asymmetric tactics?

25 General Scaparrotti: Through ERI, we are actually

1 using these funds in some of the areas for the asymmetric
2 activities to counter those malign influences. We have
3 special operations forces that are supported by this that do
4 military information support operations and activities in
5 support of U.S. Government, particularly the embassy and the
6 ambassadors in each of the countries. It supports us as
7 well in cyber in operations. In other ways, there are means
8 that perhaps -- for instance, support in naval forces are
9 seen as a ship, et cetera, but they are actually supporting
10 those capabilities and those ships support us in other ways
11 in terms of asymmetric means. So I agree with you, and we
12 do have a focus on that.

13 I would last say that part of this is we are learning
14 too. I mean, part of that effort through ERI is to make
15 sure we understand how they operate in this gray zone or
16 hybrid activity. And that is supported here as well.

17 Senator Warren: Thank you very much, General. I think
18 we need to be smart about responding to and deterring
19 Russia's asymmetric aggression. It seems to me that we
20 cannot think solely about deploying more troops and
21 conventional military assets in Europe in order to counter
22 Russia. We have got to have a very wide perspective on
23 this. Thank you.

24 Thank you, Mr. Chairman.

25 Chairman McCain: Senator Wicker?

1 Senator Wicker: General, you mentioned on page 8 of
2 your testimony the ceasefire violations in Ukraine, that the
3 majority of them are being committed by Russian-led forces.
4 Senator Warren mentioned fake news. How helpful are the
5 OSCE monitors in giving us the correct picture there? And
6 then I have a couple of other questions about OSCE.

7 General Scaparrotti: Senator, thank you.

8 OSCE is very important to this. One of the issues is
9 that their job is to monitor activities and compliance with
10 the agreement on both sides of the line of contact. In
11 fact, Russia -- it is well known that they intimidate and
12 restrict the mission monitors in their job, which is one of
13 the things that we need to encourage and insist that Russia
14 stop doing and begin to allow the OSCE to do its job
15 properly.

16 Senator Wicker: What can we do in that respect?

17 General Scaparrotti: Well, I think in that respect,
18 sir, we need to bring the international community together
19 with respect to Russia and their lack of movement on the
20 Minsk. They say publicly they are in support of the Minsk
21 agreement, but personally I think if you watch their
22 actions, there does not seem to be steps taken on their part
23 to do just that.

24 Senator Wicker: They are doing a lot of exercises
25 there and in all of Europe. One of the techniques they use

1 to try to get around their commitments is the SNAP exercise
2 designation. Can you tell us about that?

3 General Scaparrotti: These exercises reflect Putin's
4 focus on his modernization. It reflects his intent to make
5 their forces more responsive to improve their mobilization,
6 but it also is a part of intimidation I would say.

7 The SNAP exercises themselves are typically broadcast
8 as much smaller than they end up being. Some of them are
9 not announced at all in contravention to the Vienna document
10 and the treaties that we have there. So that is very
11 disturbing, and it is a way that you can have
12 miscalculation. And we know in the past, at least with
13 Crimea, they have used an exercise to shield what was a
14 violation of the sovereignty of Ukraine.

15 Senator Wicker: But they also continue to do exercises
16 in Crimea. What is the significance of the most recent
17 Russian exercise in Crimea?

18 General Scaparrotti: To me the significance is that --
19 well, there are several of them. One is that they do both
20 defensive and offensive operations as a part of that SNAP
21 exercise. They rehearsed attacks on the eastern border,
22 actually flew toward it, those kinds of activities which are
23 very disturbing and create a lot of angst along the eastern
24 border and within EUCOM being able to watch this and
25 understand what is their real intent. So it is the way they

1 run the operations and without transparency that creates the
2 problem.

3 They have the right to do military exercises. They
4 need to do them in a way that is constructive and aligned
5 with our agreements.

6 Senator Wicker: But they do not have a right to do the
7 no-notice exercises under their agreements.

8 General Scaparrotti: Under the agreement, it has to be
9 announced if it is over 9,000 troops, and it has to be
10 observed if it is 13,000 or more. There has to be an
11 allowance for observers if we choose to do so. And their
12 SNAP exercises are much, much larger than that, almost
13 100,000 if you take them in all the different exercises that
14 happen simultaneously.

15 Senator Wicker: Should we be concerned about trends in
16 Russian activity in the North Atlantic?

17 General Scaparrotti: Yes, we should. They are more
18 aggressive. They are reestablishing bases in the Arctic and
19 North Atlantic. We have to go back to establishing the same
20 deterrence that we practiced during the Cold War in my view.

21 Senator Wicker: Is there a forum where we are engaging
22 with them diplomatically about that?

23 General Scaparrotti: I do not know the forum
24 personally. I know that we have engaged with them
25 diplomatically, but I could not tell you the forum, sir.

1 Senator Wicker: Thank you very much.

2 Thank you, Mr. Chairman.

3 Chairman McCain: Senator Hirono?

4 Senator Hirono: Thank you, Mr. Chairman.

5 General, you have mentioned several times the
6 importance of the whole-of-government approach particularly
7 to reassure our NATO allies and your concern that the
8 contemplated cuts to the State Department, for example, and
9 the Treasury Department by this administration would raise
10 major concerns for you, also shared by Secretary Mattis. Is
11 that concern that you express shared by our other combatant
12 commanders?

13 General Scaparrotti: Senator, I would say that you
14 would have to ask them directly for their own personal
15 opinion, but I will answer it this way. We operate with our
16 interagency, and most of what we do today, even in the more
17 direct actions that we have taken in, say, Afghanistan or
18 Iraq have relied upon an interagency approach, a whole-of-
19 government approach. That is the way we traditionally
20 operate.

21 Senator Hirono: It sounds as though that your concern
22 or your commitment to the importance of a whole-of-
23 government approach is one that is shared by our other
24 commanders.

25 You mentioned that there is a possibility, of course,

1 of Russia's use of nuclear weapons, and there is always that
2 possibility. But on the other hand, Russia has cyber
3 capability that can be very effective, and one wonders why
4 they should resort to conventional warfare if they can use
5 cyber to do all kinds of damage. So, for example, Russia is
6 currently conducting cyber operations in various countries,
7 such as the Ukraine, Montenegro, by attacking military
8 communications and secure databases, as well as power grids.
9 In addition, they are using fake news and information
10 operations to impact elections across the globe. And this
11 has magnified a wave of populist nationalism in Europe and
12 impacted the recent U.S. elections.

13 And I think that you mentioned or you described that
14 you are working with our allies to create a defensive
15 approach to the cyber operations that Russia has deployed.

16 I am wondering, though, has the question of what the
17 U.S. would do if Russia's activities in affecting and
18 disrupting the elections of our NATO allies, whether the
19 question has come up where at some point we would say that
20 these kinds of cyber attacks rise to the level of an act of
21 war that would trigger reaction from us to support our NATO
22 allies.

23 General Scaparrotti: Senator, that is a matter of
24 policy, but I think we are a member of NATO. NATO has said
25 that Article 5 could be triggered by a cyber event. We are

1 a member of that. So I think there is the occasion that
2 that could occur. But, again, what we would do and what
3 level that would be that would create a response is a policy
4 decision.

5 Senator Hirono: Something that we need to definitely
6 discuss at the policy level.

7 I think you mentioned in response to another question
8 regarding our mil-to-mil communications with Russia that we
9 do not necessarily want to reward their bad behavior. And I
10 am wondering, based on your communication with the
11 administration, do you know what the administration's
12 position is on the current Russian sanctions? And would
13 rescinding these sanctions affect stability in Europe in
14 your view?

15 General Scaparrotti: I have not had the discussion
16 with my leadership on the sanctions, Senator. You know, I
17 think that we must retain the sanctions. We put them in
18 place as a result of their annexation of Crimea. It is
19 another way that we, both the United States and the alliance
20 in Europe, strongly show that that is unacceptable and we
21 will maintain strength in the face of Russia's activities.

22 Senator Hirono: So would any kind of cutting back on
23 those sanctions not signal some kind of a retreat or
24 weakness on the part of our U.S. commitment to NATO, for
25 example?

1 General Scaparrotti: Well, I think personally that if
2 we were to relieve or cut back on those, Putin would see
3 that as a very good thing, and it would reward him standing
4 fast long enough to perhaps survive the sanctions
5 themselves.

6 Senator Hirono: Thank you, Mr. Chair.

7 Senator McCaskill [presiding]: I am the acting
8 chairman right now, and I have the pleasure of calling on
9 myself.

10 You know, I am going to say for the record what needs
11 to be said here, and that is that if we want to send the
12 right signal to Russia, all of the work that we are doing,
13 that you and your command are doing, which is so important,
14 is an integral piece of that. All of the work we do with
15 our allies in Europe is an integral piece of that. But a
16 big piece of it is having a commander-in-chief that will say
17 that right things to Russia. And we do not have a
18 commander-in-chief right now who is willing to say out loud
19 what everyone knows about Putin and what he is doing in
20 Europe and what he tried to do in the United States. And
21 until we have a commander-in-chief that is willing to speak
22 out against this thug and his behavior, I do not know that
23 all the great work that you and your command can do is ever
24 going to move the needle enough.

25 And I have said it, and I feel better. You do not have

1 to say a word, not your place to say a word. I understand
2 the role of the commander-in-chief in your life. But I
3 wanted to say it and put it on the record.

4 I was in Estonia. I would like to talk a little bit
5 about what is going on in other places in nontraditional
6 warfare. I was in Estonia last summer, and I was shocked
7 how many Estonians told me -- you know, we went to a coffee
8 shop and we were talking to those who spoke English. And
9 they were saying how they really wanted to be part of NATO,
10 but they were worried about the NATO soldiers being able to
11 rape the citizens of Estonia and not be held legally
12 accountable. And I, of course, went, what?

13 And as it turns out, this is the other thing Russia is
14 doing, that Russia is pushing propaganda through Estonia
15 that NATO is somehow going to damage their sovereignty in
16 terms of the enforcement of rule of law.

17 Could you speak to that, General, that method that they
18 use to try to undermine the support of NATO in the countries
19 that they have designs on?

20 General Scaparrotti: You stated it clearly. In fact,
21 we are now in NATO -- the first forces are going into the
22 four nations, Estonia being one of them. And we have
23 already had a couple of incidents of just complete untruth--
24 the incident never occurred -- within days of the troops
25 arriving. We prepared for this. We expected it. We were

1 able to respond to those truthfully and quickly and debunk
2 the false story. But it is something that I expect will
3 continue.

4 And as you said, it obviously has -- their
5 disinformation obviously has some influence. If there is a
6 consistent message from Russia in the east, it is to
7 undercut the credibility of the United States and NATO at
8 large, consistently.

9 Senator McCaskill: And do we have a robust enough
10 response to this kind of disinformation campaign? Are we
11 focusing enough on this part of the warfare?

12 General Scaparrotti: I think we are focused on it. I
13 do not think we have a robust enough response at this point.
14 I think we have to, both as the U.S. and also as allies,
15 come together and take a more aggressive confrontation of
16 Russia particularly in this gray area.

17 Senator McCaskill: Yes. I would certainly hope that
18 would be on NATO's agenda as to strategies moving forward to
19 combat this kind of insidious disinformation that really
20 does strengthen the efforts of Russia to use military might
21 to intimidate and eventually move into countries that have
22 no desire to be occupied.

23 I also want to take a brief moment to talk about
24 something I am like a broken record on and that is OCO. The
25 Congressional Research Service recently published an

1 extensive report on OCO funding, and it states the obvious
2 that those of us who are on this committee are painfully
3 aware of, that this began truly for a contingency after 9/11
4 and has now morphed into something very ugly off the books
5 in that we now have the European Reassurance Initiative in
6 the OCO budget. We now even have base budgeting in the OCO
7 budget.

8 Talk, if you will, from your perspective, as you are
9 asked to draw up your financial needs for your command, how
10 you all are making a decision inside the Pentagon what you
11 put in OCO and what you put in the base budget.

12 General Scaparrotti: Well, ma'am, for instance, I will
13 start with EUCOM. We have the outline of the use of ERI,
14 what it is intended to do based on Congress' direction. I
15 have a process where my component commands, the other
16 services, make recommendations for funding in ERI. And I
17 have a board that eventually comes to me for a decision
18 that, first of all, asks the question, is that in support of
19 the intent of ERI, and if not, why is it in here. We will
20 push it off to the base budget. Or even those areas where I
21 think, you know what, that is a broader activity we are
22 funding. It really ought to be in the base, not in ERI. So
23 I have that system myself within EUCOM, and we draw that
24 line hard because we appreciate ERI. We want to maintain
25 the credibility of it and how we use it. It is fundamental

1 to doing our job in EUCOM.

2 Within OSD, there is a very deliberate process run by
3 the DepSecDef and the Vice Chairman that all of us as
4 combatant commands take part in. And it is very detailed in
5 terms of a look at each command and what we propose for a
6 budget, what we intend to put in, and it looks at a cross
7 section, as well, a comparison of each other. So it is a
8 deliberate process.

9 I would just say that I am in favor of moving funds
10 into the base. We need predictable funding --

11 Senator McCaskill: Right.

12 General Scaparrotti: -- so that we can actually make
13 longer-term decisions and have more continuity. And that
14 would be better I think for the force as a whole as well.

15 Senator McCaskill: This would be a good time for us to
16 have the discipline, as the President has presented a budget
17 that is -- frankly, it is not a huge increase in the
18 military. I think he is trying to make everybody believe it
19 is a big increase to the military. I think it is only 3
20 percent higher than what President Obama recommended in his
21 budget. But nonetheless, it is an increase. When
22 everything else is getting cut, I think this would be a good
23 time for us to bite the bullet -- pardon the use of that
24 particular analogy, but I think it would be time for us to
25 be honest with the American people and put all of these

1 items into the base budget so the American people understand
2 what we are spending on the military as it compares to other
3 parts of our budget.

4 I thank you for your service. I thank all of the men
5 and women who serve under your command. I think you have
6 got a really important job now. I understand the importance
7 of what you do now has been exacerbated by what Russia has
8 done over the last 12 months and what they continue to do in
9 democracies across the world. And we are depending on you
10 to be our front line eyes and ears to their aggression. And
11 I thank you very much.

12 Chairman McCain [presiding]: Senator Blumenthal?

13 Senator Blumenthal: Thanks, Mr. Chairman.

14 I want to join in thanking you and the men and women
15 under your command for their service in a critical area of
16 the world for us and our national security.

17 I understand you have just come back from a trip to
18 Israel, and I would like to ask you what security concerns
19 the Israelis raised with you, focusing specifically on the
20 Iranian development, continuing development, of their
21 ballistic missiles.

22 General Scaparrotti: Yes, sir. Well, first of all,
23 Israel is an extremely close ally of ours, a special ally.
24 We in EUCOM have an excellent relationship with them. It is
25 nearly daily contact. One of my missions is support of

1 Israel and their defense.

2 And so as I visited, their CHOD and I and their senior
3 leaders obviously talked about their concerns about Iranian
4 malign influence, as well as their missile capabilities. We
5 work closely with them to support and complement their
6 missile defense, for instance. And in fact, one day of that
7 trip, I met their air missile defense commander and went to
8 look at some of their sites to ensure that we in EUCOM were
9 supporting that fully.

10 Beyond that, we discussed, for instance, their concern
11 about Hezbollah and fighters gaining experience in Syria and
12 other places and returning and what that might mean in the
13 future, a concern about, obviously, Syria and the tri-border
14 region as the conflict in Syria continues. So they live in
15 a very tough neighborhood, and you can look in nearly every
16 direction and have a threat.

17 Senator Blumenthal: Is there more that we can and
18 should be doing to strengthen their defenses against that
19 kind of missile threat?

20 General Scaparrotti: Senator, we are doing all that we
21 can. I mean, we work with this closely to ensure that we
22 do, in fact, reinforce their defense. In fact, there are
23 more things we can do with their missile defense. We have
24 people there this week working on that as well. I mean, it
25 is a matter of modernization, change in environment. But we

1 are doing that. To maintain their military edge is very,
2 very important and also to maintain the war stocks that we
3 have committed to them for use.

4 Senator Blumenthal: But there is more that we can do
5 and we are doing it.

6 General Scaparrotti: We are, and we are focused on
7 support of Israel.

8 Senator Blumenthal: I take it, speaking of ballistic
9 missiles, that you would agree with General Selva who
10 testified earlier this week during the House Armed Services
11 Committee that Russia is violating the INF Treaty.

12 General Scaparrotti: Yes, I agree.

13 Senator Blumenthal: And I think in your testimony you
14 used the word "concerning." This is an extraordinarily
15 important area. Is it not?

16 General Scaparrotti: Yes, sir, it is. And it is an
17 enhancement in capability that has a direct impact
18 throughout the theater from my perspective.

19 Senator Blumenthal: And that is because, as you put it
20 well in your testimony, it increases Putin's asymmetric
21 options as this missile capability is built. The whole
22 reason that the treaty exists is to stop this kind of
23 development because it threatens to destabilize the whole
24 confrontation -- not confrontation, but the array of forces
25 in that part of the world. Correct?

1 General Scaparrotti: That is correct.

2 Senator Blumenthal: Have you made recommendations as
3 to what we should be doing about it?

4 General Scaparrotti: I have made recommendations in
5 the sense that we need to respond to this. We need to be
6 strong in the face of it. And I think the actions that we
7 have recommended in EUCOM, in terms of posture, force
8 structure, et cetera, are all a part of this, a part of the
9 response that we need to have for Russia at large.

10 Senator Blumenthal: Is there consideration, to the
11 extent you may know of it, about additional diplomatic or
12 military action that the administration may be taking to
13 counter this threat to our security?

14 General Scaparrotti: At this time, I have not had that
15 discussion yet with that specific topic in terms of policy
16 actions or actions that might be taken.

17 Senator Blumenthal: Have you any expectation that that
18 discussion will occur?

19 General Scaparrotti: Yes, I do.

20 Senator Blumenthal: Can you give us a general time
21 frame?

22 General Scaparrotti: No, I cannot, but I would expect
23 we will have it. Yes, sir.

24 Senator Blumenthal: Well, I would urge that it be done
25 sooner rather than later. With all due respect, I am not

1 nearly as well informed as you, but I am extremely alarmed
2 by this violation of the INF Treaty and what it represents
3 strategically in that part of the world and what it reflects
4 in the way of Russian intentions around the world. Thank
5 you, General.

6 General Scaparrotti: Thank you, sir.

7 Senator Blumenthal: Thank you, Mr. Chairman.

8 Chairman McCain: Apparently Senator King has not had
9 enough.

10 Senator King: Thank you, Mr. Chairman. Fortunately,
11 your microphone was off for the editorial comment.

12 General, a couple of quick questions. Do you consider
13 RT, Russia Television, an agent of the Russian Government?

14 General Scaparrotti: Yes, I do, sir.

15 Senator King: And it is my understanding that not only
16 are they using RT in Europe, but they are also sniffing
17 around or, in fact, looking into acquisitions of commercial
18 television and radio capacity in Europe.

19 General Scaparrotti: That is correct. I have been
20 told in a number of countries that they are using fronts,
21 but essentially buying local TV, and in one case recently, a
22 social media network that is influential particularly with
23 the young in the Baltics.

24 Senator King: So when you say buying local TV, you are
25 talking about TV stations, not airtime.

1 General Scaparrotti: That is right. They are buying
2 TV stations and a social network company that does work on
3 social media.

4 Senator King: This is one more area of their what I
5 consider very effective playing of a weak hand. They are
6 aggressing upon us at a low dollar cost, but aggression
7 nonetheless.

8 General Scaparrotti: Yes, sir. I agree.

9 Senator King: Different subject. Iceland. I was in
10 Iceland recently, and it struck me as an incredible
11 strategic location. Keflavik air base was dismantled -- or
12 not dismantled. It is still there, but it was deactivated
13 around 2004 or 2005. It strikes me that this is such a
14 strategic location. Do you believe that we should at least
15 consider, subject to the approval of the people of Iceland,
16 some reconstitution of our capacity there? I know we have
17 rotational forces there but something more than that.

18 General Scaparrotti: Senator, we do have rotational
19 forces through there, but I think we should consider it.
20 Again, it comes back to my concern about the high north,
21 North Atlantic, and the increasing Russian threat from the
22 North Atlantic fleet there. So that area is important to us
23 to increase our activities with our allies to ensure that we
24 deter Russia and we are very knowledgeable of their
25 activities as well.

1 Senator King: It struck me as a large, unsinkable
2 aircraft carrier in the midst of the most strategic spot in
3 the North Atlantic.

4 General Scaparrotti: Yes, sir.

5 Senator King: Thank you.

6 Thank you, Mr. Chairman.

7 Chairman McCain: And, you know, Senator King, I met
8 with the President of Iceland, and I know that General
9 Scaparrotti has too. We have a PR challenge there as well
10 with the people of Iceland. Is that not true, General?

11 General Scaparrotti: Yes, I believe we do. I think
12 NATO could do more work there as well in terms of
13 perspective or receptiveness, Senator.

14 Chairman McCain: They would be more receptive if it
15 were a NATO kind of commitment rather than just the United
16 States.

17 General Scaparrotti: Well, in discussions, that is
18 what has been discussed with me as the SACEUR.

19 Chairman McCain: Well, I thank you, General, and I
20 appreciate, obviously, the important information you have
21 provided the committee.

22 I would just like to mention again what Senator King
23 brought up, and that is this whole issue of this information
24 warfare that is going on right now is something that crosses
25 a lot of boundaries between State and Defense and

1 intelligence and other agencies of government. And yet,
2 every time I turn around and talk particularly to one of the
3 smaller countries, that is one of their biggest issues is
4 this propaganda that the Russians -- and fake news, et
5 cetera, ranging from what their obvious attempts at changing
6 the outcome of the French election to the pressure on Latvia
7 to alienate their Russian speaking population. So I hope we
8 will move that issue up on our priority list. It seems to
9 me it is kind of like the weather. We talk about it but we
10 really do not do anything about it.

11 And there is a precedent for it. It was called the
12 Cold War. How many people do we know that after The Wall
13 came down who said I listened to Radio Free Europe? I
14 listened to the Voice of America. It kept hope alive. Why
15 can we not reconstitute something along those lines to get
16 the message out? I do not think it would be hard to counter
17 Russian propaganda given the kind of lifestyle they have in
18 Russia.

19 So I hope you will think about it, and we will continue
20 to think about it. But whenever you get one of these issues
21 that involves more than one agency of government, as you
22 know, we have much more difficulty, whether it be cyber, or
23 whether it be this information challenge that we are facing
24 now.

25 So we thank you, General, for visiting with us again

1 and thanks for the great work. Senator King will come to
2 Brussels and spend time with you as well. Thank you.

3 General Scaparrotti: Thank you, Chairman. My
4 privilege.

5 [Whereupon, at 11:35 a.m., the hearing was adjourned.]

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Afghan Lawmakers: Russian Support to Taliban No Secret



Amid controversy in Washington over reports that a Russian intelligence unit paid bounties to Taliban militants to kill U.S. and NATO soldiers in Afghanistan, some Afghan lawmakers say it is no secret Russia has cultivated close contacts with the Taliban and it is likely Russia has financially supported Taliban violence.

Shinkai Karokhail, a member of the Wolesi Jirga, the lower house of Afghanistan's parliament, told VOA, "It is thought that Russia has been supporting the Taliban, and it has provided the Taliban with the means so that the war, the U.S. engagement, in Afghanistan continues."

Karokhail said media reports about the Russian bounties needed to be investigated. She added, however, it is plausible that the Taliban receive

financial support from other countries in the region.



FILE- Afghan security forces take position during a gunbattle between Taliban and Afghan security forces in Laghman province, Afghanistan, March 1, 2017.

"To continue fighting, the Taliban need money, and for sure, countries such as Russia, Pakistan, Iran and others would be providing them money," she said.

Gulalai Sapi, an Afghan senator, said Russia and some other regional powers do not see their interests in the peace process in Afghanistan.

"Some countries may not want this process to be implemented as soon as possible because war in Afghanistan is in their interest," she said.

Last week, *The New York Times*, citing anonymous U.S. intelligence sources, reported that a Russian intelligence unit offered bounties to the Taliban for killing American and coalition soldiers in Afghanistan. The newspaper said U.S. President Donald Trump was briefed on the issue.

Senior U.S. intelligence officials briefed a bipartisan group of U.S. lawmakers Thursday after members of Congress called for additional information on the issue.

Russia and the Taliban have rejected the allegations, and the Afghan government has declined to comment despite several requests to the country's presidential office and the national security council.

Russia-Taliban relations

Sim Tack, a military analyst with the Stratfor global intelligence firm, told VOA he was not surprised that Russian intelligence would be "trying to encourage them [the Taliban] to target coalition forces in any way."

Tack said Russia's interest is in building relations with the Taliban "as a way to ensure Russian influence in a post-U.S. Afghanistan."

He added that "if Russia is able to build a cooperative relationship with the Taliban at this point, then that definitely will help them carry a greater role in Afghanistan in the future."



FILE - Participants attend a conference on Afghanistan bringing together representatives of Afghan authorities and the Taliban in Moscow, Russia, Nov. 9, 2018.

Moscow has been in contact with the Taliban since 2015, and as part of Moscow efforts toward a political settlement in Afghanistan, it hosted a number of intra-Afghan meetings in 2019.

Jonathan Schroden, director of the Center for Stability and Development at Washington-based research and analysis organization CNA, said uncertainty about the future of Afghanistan convinced regional countries, including Russia, to build relations with the Taliban.

Schroden added that Russia and other countries in the region were considering having contacts with the Taliban "in the event that the Taliban

end up winning."

He further said these countries engage not only with the Taliban's leadership but also with the rank and file of the militant group, and "[it] probably includes some amount of support to the Taliban organization, whether that is money, guns or training."

Senior U.S. military officials in the past did not discount the notion of Russia's having ties with the Taliban.

General Joseph Votel, the then-commander of U.S. Central Command, told members of the House Armed Services Committee in March 2017 that "it is fair to assume they [Russians] may be providing some sort of support to [the Taliban], in terms of weapons or other things that may be there."

Justifications

Atiqullah Amarkhil, a retired Afghan army general, said the Russians might be thinking of revenge for the role the U.S. had in the Soviet defeat in Afghanistan in the 1980s.

"When Russians were in Afghanistan, the Americans were paying mujahedeen to fight against Russians, so it is possible that Russians, because of that, have developed relations with some Taliban groups, or a Taliban commander, so that they continue fighting."

Najeeb Nangyal, an Afghan political analyst, told VOA that Russia justifies its support to the Taliban as part of its strategy to counter the Islamic State in the region.

Daniel Davis, a retired U.S. Army lieutenant colonel who is now a senior fellow and military expert at the Washington-based think tank Defense Priorities, said that if Russia provides support to the Taliban to counter the

Islamic State, the support can be used against the coalition forces.

"If Russians are helping the Taliban counter ISIS operation, well, obviously that help can also be used for any type of operations," Davis said.

Gul Rahman Hamdard, a member of the Wolesi Jirga, said Russia has an interest in the war in Afghanistan.

"It should be clear now to Afghans that major countries benefit [from the war in Afghanistan]," Hamdard added. "This opportunity [the peace process] should be seized and Afghans should know that this is foreigners' war."



FILE - Anatoly Antonov, Russian ambassador to the U.S., gestures while speaking during a round-table discussion on the Trump-Putin summit in Helsinki in Moscow, Russia, July 20, 2018.

Russia and the peace process

Russian Ambassador to the U.S. Anatoly Antonov told journalists Tuesday that Russia was working with the United States on Afghanistan. According to Russia's Tass news agency, Antonov said the countries were joining efforts "towards political settlement in Afghanistan."

The Department of Defense, in a report published in early June, said that "Russia very likely continues to support U.S.-Taliban reconciliation efforts in the hope that reconciliation will prevent a long-term U.S. military presence."

Schrodin said Russia wants the U.S. to leave Afghanistan. He added that

"they do not want the U.S. peace process to be the vehicle by which the U.S. leaves."

"The ideal outcome for Russia," said Schroden, would be to revive the Moscow Process for peace. "The Moscow Process leads to a peace settlement between the Taliban and the Afghan government and then the U.S. leaves."

The U.S. military officials, however, called the Russia-led peace process in Afghanistan an attempt to undermine NATO.

Valeria Jegisman from Washington contributed to this report.

Russia accused of supplying Taliban as power shifts create strange bedfellows

An Afghan army commander is the latest to allege that Moscow is providing arms to the Islamist group that grew out of the 1980s anti-Soviet resistance

[Sune Engel Rasmussen](#)



Taliban fighters pictured at Bakwah in the western province of Farah in 2015. Taliban fighters nearly overran the provincial capital for the third time this year. Photograph: Javed Tanveer/AFP/Getty Images

Afghan officials have called on Moscow to stop supporting the [Taliban](#), as the militant group steps up attacks across the country, allegedly with the help of Russian weapons.

The plea is a sign of frustration with foreign powers, which are muscling in to fill the space left behind by the US troop drawdown and often hedging their

bets on the conflict by supporting several factions – including the Taliban.

After weeks of intense battles in the western Farah province – in which Taliban fighters nearly overran the provincial capital for the third time in a year – the commander of the Afghan army's 207th Corps, [has become the latest official to point the finger at Russia](#)

"Many large countries are involved in the Afghan war. We can name Russia, who is actively meddling in Farah, and we have seized Russian-made weapons, including night vision sniper scopes," the commander, Brig Gen Mohammad Naser Hedayat, said this week. Speaking to local television, a local police chief asked the Kabul government [to summon the Russian ambassador](#) in protest.

Russia's recent push for influence in [Afghanistan](#) follows a pattern across the region, where Moscow has challenged American influence in Libya, Turkey, Syria and the Gulf. But it also offers an echo of history for Afghans who since the 19th century have seen their country treated as a battleground for rival foreign powers.

The Taliban was originally founded on the back of the 1980s anti-Soviet resistance, but it has been forced to bury old enmities since the US-led coalition forced it from power in 2001.

Contacts began in earnest in 2005 when Moscow reached out to the Taliban to enlist its help in curtailing militants, especially those from Uzbekistan, said Waheed Muzhda, a political analyst and former Taliban official.

The exact nature of Moscow's influence remains disputed – as do its motives.

The Kremlin has long sought to curb the influence of Islamist extremists in

central Asia – a region which it considers part of its historic sphere of influence. Last year, the Russian foreign ministry [admitted to sharing intelligence](#) with the Taliban to fight Isis in Afghanistan.

The offices of the Afghan president and his national security adviser declined to comment, but government officials have previously accused Russia of arming and financing the Taliban, which, [according to the US defence secretary, James Mattis](#), would be “a violation of international law”.

“Somebody is supplying a bunch of Russian-type weapons, including heavy machine guns and a small number of surface-to-surface missiles,” a western official said.

Javid Faisal, spokesman for the government’s chief executive, Abdullah Abdullah, said the government had reports of insurgents using Russian weapons in the north and west of the country, and in the southern Uruzgan province, but added that information was scarce.

The US military in Kabul also declined to comment but its commander, Gen John W Nicholson, has in the past implied that Russia [is funnelling weapons to the Taliban](#).

Afghan officials allege that Russian intelligence helped the Taliban capture Kunduz in 2015 and 2016, shortly after Mullah Abdul Salam – one of the insurgents’ “shadow governors” – travelled to Tajikistan.

According to Afghan and western officials, Russia has met several times with Taliban representatives without the knowledge of the Afghan government. Most noteworthy was a meeting last year in Iran with Taliban chief Mullah Akhtar Mansour. On his return to Pakistan, [Mansour was killed in an American drone strike](#).

Though the Taliban has long been viewed, particularly in Afghanistan, as umbilically connected to Pakistan, it has diversified its bases of support, especially since the emergence of Islamic State rallied them and various regional powers against a common enemy.

Taliban fighters in the western province of Farah.



Taliban fighters in the western province of Farah. Photograph: Javed Tanveer/AFP/Getty Images

Mansour, the late leader, restructured the Taliban's economy, giving subordinate commanders autonomy to seek out local sources of revenue – a move that may also have helped open the movement up to outside influence.

Iran, China and Saudi Arabia are all believed to be vying more attentively for influence with the Taliban, making it harder to control and to negotiate with.

Russian interference in Afghanistan is not limited to armed Islamists. Russia is also allegedly supplying weapons and cash to local strongmen in northern Afghanistan, destabilising an already fragile region.

Commanders with unpredictable allegiances and vast criminal networks from Baghlan, Kunduz, Sar-e Pol and Badakhshan have received weapons from Russia, according to a researcher with a western organisation in Kabul who is not authorised to speak to media.

The claim was confirmed by a gun smuggler who travels across the Afghan-Tajik border with caches of weapons. As an example, the smuggler said he knew of two deliveries, each of 150 Kalashnikovs, to a prominent figure in the province of Badakhshan.

Qari Abdul Wadood, police chief of Baharak district, also alleged that several militia commanders across the north had received nearly 1,000 Russian machine guns between them. Wadood warned that although the commanders receiving weapons are officially on the government payroll, their loyalties are fluid.

"Some of these people might join the Taliban, or will use the weapons for robbery and kidnappings," he said.

Russia's involvement in Afghanistan follows the example of Iran, which although formally an Afghan ally, [is padding its pro-Assad militias in Syria with Afghan Shias](#) despite protests from Kabul. Tehran has also been accused of supporting the Taliban, training and arming rebels in the western part of Afghanistan, and even allowing the group to open an office in Mashhad.

According to Muzhda, the former Taliban official, growing foreign interference is a predictable development. With Afghanistan carved up between government, militants and criminal factions, there are plenty of avenues to counter American dominance.

"When Mr Trump pressures Iran, Russia and other countries, they will try to make problems for the United States in Afghanistan," he said. "That is part of the game in Afghanistan."

Russian analyst Alexei Malashenko said claims of weapons transfers should be treated with scepticism. "What kind of weapons are we talking about? If

we are talking about Kalashnikovs or grenade launchers then this kind of thing could come from anywhere," he said.

He said, however, that it was not surprising that Russia would be dealing with some elements of the Taliban. "There are different types of Taliban, and there are some who are fighting Isis, so why shouldn't we speak to them? Without the Taliban, the Afghan state is not viable."

Additional reporting by Akhtar Mohammad Makoi in Herat

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Iran Allegedly Facilitating Taliban-Russia Contacts



Abdul Jabar Qahraman, who recently resigned as the top official overseeing war efforts in Afghanistan's volatile Helmand Province, has [said](#) that Iran facilitates contacts between Taliban leaders and Russian officials. In an interview with Voice of America TV (Dari Service), the former Afghan army general said he had credible intelligence that Taliban representatives from Helmand, Farah, Nimroz and Herat Provinces have traveled to Moscow via Tehran. He claimed that family members of Taliban leaders traveling to Iran have confirmed their meetings with Iranian and Russian officials. Qahraman was Afghan President Ashraf Ghani's special representative to southern Helmand Province.

Comment: Afghan and U.S. officials have repeatedly said in recent months that Iran and Russia have teamed up to undermine the U.S.-led stabilization

efforts in Afghanistan. Local officials in southern and western Afghanistan cite intelligence that shows Iran is increasingly sheltering, training, funding and arming Taliban insurgents. They claim that the two countries have not only expanded their diplomatic engagement with the Taliban leadership, but are also providing advanced weapons to the insurgents that are fighting the Afghan government and the U.S.-led coalition forces in the country. "We have received [intelligence] reports that Iran has obtained some weapons from Russia and delivered them to the Taliban. We cannot confirm it 100 percent. But intelligence reports show that the Taliban receive training inside Iran," [Afghanistan's Ariana News](#) quoted Gulbahar Mujahid, the chief security commander of Farah Province, in a report published on March 23.

Iran has also reportedly set up new training camps for Taliban fighters along Afghanistan's border and has delivered Russian arms to the insurgents in western and southern Afghan provinces. "We have received intelligence reports that training camps have been established in Iran's Naibandan area [in Khorasan], and they provide military training to the Taliban. Indeed, Russia, with Iran's assistance, is equipping the Taliban with advanced weapons," Farah's Deputy Governor Muhammad Younis Rasooli said in March.

Not all Iranian subversive activities are confined to western Afghanistan, however. Two months ago, Afghan authorities [alleged](#) that Iran had sent a delegation to meet with Taliban commanders in the restive province of Helmand. On January 23, Hayatullah Hayat, the governor of Helmand, told Afghanistan's 1TV channel that the National Directorate of Security was investigating allegations that the Iranian team also delivered weapons to Taliban militants in Helmand's Garmsir District. The timing of these reports is important as the Taliban have made significant territorial gains in Helmand Province in recent months. The insurgents yesterday [captured](#) Helmand Sangin District, a strategic area where more American and British troops

have been killed than in any other of Afghanistan's nearly 400 districts.

Both Iran and Russia have also broadened their diplomatic engagement with the Taliban leadership. Iran has hosted several Taliban delegations for talks and conferences in recent years; and in 2014, the Iranian government "formalized" its relationship with the Taliban by allowing the terrorist group to open an office in Mashhad, the capital of Iran's Khorasan-e Razavi Province. When a U.S. drone killed Taliban leader Mullah Mansur in Pakistan last year, he was [returning](#) from a trip to Iran.

Moscow, too, has cultivated close relations with the Taliban leadership – raising [concern](#) in Kabul that regional governments are directly engaging the Taliban for their own interests at the expense of Afghanistan's stability. The Trump administration [declined](#) Russia's invitation to attend a meeting with the Taliban leaders in Moscow on April 14.

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Videos suggest Russian government may be arming Taliban

Story highlights

Kabul, Afghanistan CNN — none

Two videos obtained by CNN suggest the Taliban have received improved weaponry supplied by the Russian government

NEW: Russian foreign ministry statement denies Taliban support

The Taliban have received improved weaponry in Afghanistan that appears to have been supplied by the Russian government, according to exclusive videos obtained by CNN, adding weight to accusations by Afghan and American officials that Moscow is arming their one-time foe in the war-torn

country.

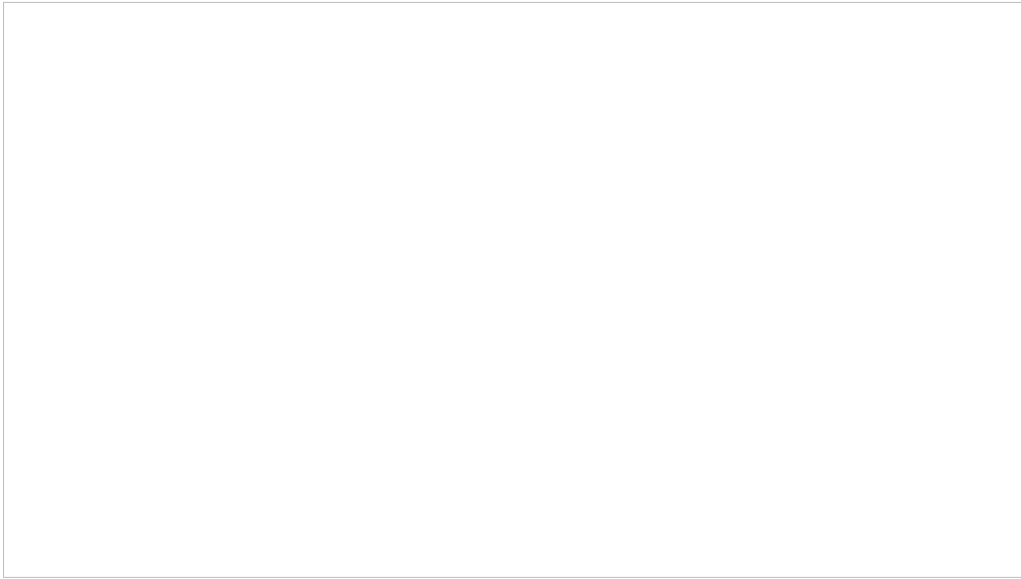
US generals first suggested they were concerned the Russian government was seeking to arm the Afghan insurgents back in April, but images from the battlefield here corroborating these claims have been hard to come by.

These two videos show sniper rifles, Kalashnikov variants and heavy machine guns that weapons experts say are stripped of any means of identifying their origin.

Two separate sets of Taliban, one in the north and another in the west, claim to be in possession of the weapons, which they say were originally supplied by Russian government sources. One splinter group of Taliban near Herat say they obtained the guns after defeating a mainstream rival group of Taliban. Another group say they got the weapons for free across the border with Tajikistan and that they were provided by "the Russians."

The videos don't provide incontrovertible proof of the trade, of which Moscow has categorically denied involvement. Yet they offer some of the first battlefield evidence of a flow of weapons that has the Afghan and

American governments deeply concerned about Moscow's intentions here.



"The Russians have said that they maintain contact with the Taliban, we have lots of other reports from other people they are arming the Taliban ... there is no smoke without fire," Afghan government spokesman Sediq Sediqi said. "That's why our intelligence agencies are up to the job to find out what level of support that is to the Taliban."

Another Afghan official said they were sure that trade was happening between Russia and the Taliban.

On Wednesday, [Russia's foreign ministry said in a statement](#):

"As we have repeatedly stated, the accusations of a number of Western and some Afghan mass media ... regarding alleged Russia's support of the Taliban militants, are groundless. To date, neither the Afghan authorities nor the command of the US and NATO contingents in the Islamic Republic of Afghanistan have provided evidence that would confirm these speculations."

"Again, we emphasize: Russia does not support the Taliban movement."

The ministry had earlier declined to comment for this article.

US officials have long voiced concerns about any weapons flow to the terror group. Asked in April whether he would refute the reports Russia was arming the Taliban, the US commander here, Gen. John Nicholson, said: "Oh, no I'm not refuting that... Arming belligerents or legitimizing belligerents who perpetuate attacks ... is not the best way forward."

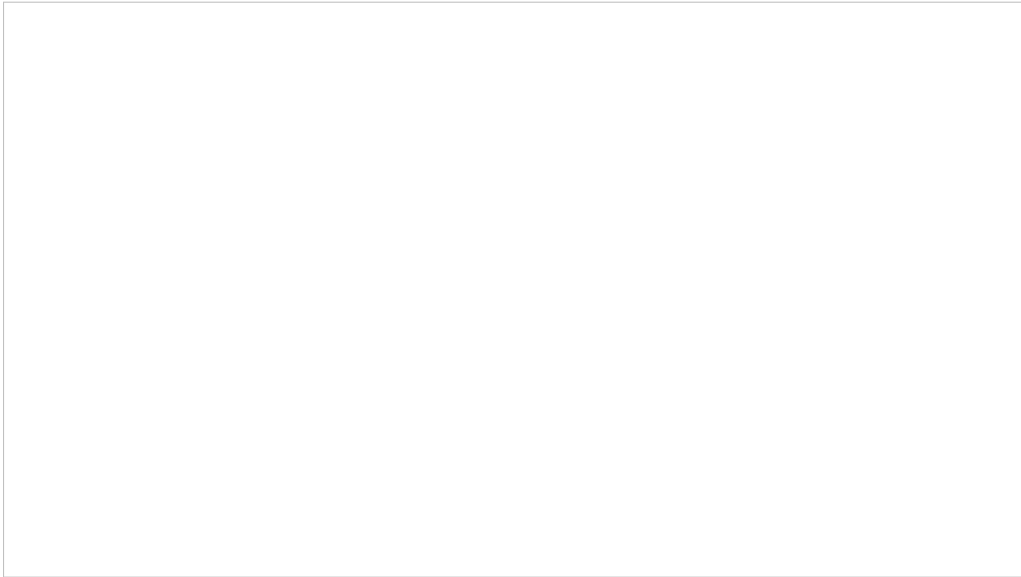
Gen. Joseph Votel, chief of US Central Command, told a congressional committee in March he believed the Russians were seeking influence in Afghanistan.

"I think it is fair to assume they may be providing some sort of support to (the Taliban) in terms of weapons or other things that may be there," he said.

In one video the Herat group are seen brandishing the guns, which they said were taken from the mainstream Taliban, led by Mullah Haibatullah, after that group attacked them. Eighteen of their rivals were killed in the attack and six were captured, they said.

"These weapons were given to the fighters of Mullah Haibatullah by the Russians via Iran," said their deputy leader, Mullah Abdul Manan Niazi. He went on to repeat the often-heard rationale behind the arming – which Moscow denies – that the weapons were supplied to help the Taliban better fight ISIS.

"The Russians are giving them these weapons to fight ISIS in Afghanistan, but they are using them against us too," he said.



The second video was shot nearer Kabul and features a masked Taliban fighter parading arms he says he obtained through the northern province of Kunduz. He said he did not pay for the weapons – insurgents often pay for guns with opium crops – and that his group received the guns via the Tajik border.

"These pistols have been brought to us recently," he says. "These are made in Russia, and are very good stuff."

Weapons experts from the Small Arms Survey studied the videos and said there was little in them to directly tie the guns to the Russian state. The weapons were not particularly modern or rare, and even some of the more elaborate additions, like a JGBG M7 scope on one machine gun, were Chinese made and readily available online, they said.

Yet Benjamin King from the Survey said, "the weapons didn't seem to have the manufacturer markings where we would expect them." He said that elsewhere there have been reports of supplying governments and others going to great lengths to remove identification markings from weapons.



"If this is a pattern seen in Afghanistan then it would be noteworthy," he added.

Sedighi, the Afghan government spokesman, said they had put the allegations to Moscow and also received a denial. He added Afghan officials have expressed their concerns about Moscow's contacts with the Taliban, which coalition officials say legitimizes the insurgency.

"The issue of contact with the Taliban with the Russians was something that really concerned us as well," Sedighi said. "No contact with non-state groups."

Update: This story includes a new statement from Russia's foreign ministry. The ministry had previously declined to comment for this article.

Russia funds Taliban in war against Nato forces

October 16 2017, 12.01am BST

Russia is funding Taliban military operations against Nato in Afghanistan through a covert programme of laundered fuel sales, *The Times* has learnt from members of the Islamist group and Afghan officials.

Russian intelligence services are sending fleets of fuel tankers into Afghanistan through the Hairatan border crossing with Uzbekistan. From there, they are delivered free of charge to front companies operating on behalf of the Taliban. The arrangement allows about \$2.5 million raised in cash from the sale of the fuel each month to be delivered directly to insurgent paymasters.

Russia has accelerated its support in recent months in an apparent attempt to bolster the Taliban against Islamic State. The trade has become part of the revived "proxy war" strategy against the US and its

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[Russian cash goes straight into the hands of Taliban chiefs](https://www.thetimes.co.uk/article/russia-funds-taliban-in-war-against-nato-forces-hvfl3cgrg)

Russia Defines Its Post-Takeover Role in the Afghan Conflict



Russia is not alone in this outlook. The international community has reacted differently to the Taliban takeover today than in the 1990s. Since 15 August, the West has adopted a [wait-and-see](#) approach, especially [concerning](#) the Taliban's way of governing and their relationship with transnational terrorist networks. In this sense, the preference in many capitals is to see the Taliban become a predictable actor outside of Afghanistan's borders, bound to the agreements [signed](#) in the last few years. Moscow, for its part, [hopes](#) that its conciliatory and pragmatic approach to the Taliban will result in making inroads with the group. This would help [turn](#) Moscow into a key player in the resolution of the conflict. To attain this goal, Moscow has several instruments, but it faces some obstacles.

Russia hands over Afghan embassy in Moscow to the Taliban, Islamic flag is raised

Apr 12, 2022 12:00 pm By [Christine Douglass-Williams](#)

Russia's move gives legitimacy to the Taliban, but India's Rakesh Sood is correct that the most important endorsement the Taliban needs is from the West, since it wants Western money. But Sood observes that "their actions on girls' education have further restricted that option."

It isn't only girls' education that's the problem. The Taliban has always been and will always be a brutal jihad group which abuses women and minorities, launches indiscriminate attacks on civilians, and murders those whom it believes to have violated various Sharia provisions. Its objective is to rule the region by Sharia, using fear and force.

"Afghan embassy in Moscow handed over to Taliban, flag hoisted," by Nayanima Basu, [The Print](#), April 10, 2022:

New Delhi: In the midst of constricting sanctions and increasing isolation by the West for its invasion of Ukraine, Russia on Saturday completed the official handover of the Afghanistan embassy in Moscow to the Taliban. Jamal Garwal who was accredited in late March 2022 as Charge d'Affaires in Afghanistan Embassy in Moscow took charge and the Islamist group's flag was hoisted inside the mission premises.

"Today, the Afghan Embassy in Moscow was handed over to an IEA-appointed diplomat. The MoFA (Ministry of Foreign Affairs) of IEA (Islamic Emirates Arabic) expresses gratitude to the government of the Russian

Federation for accrediting the Afghan diplomat and facilitating the role of the Afghan Embassy in ensuring bilateral relations and providing timely services to its citizens in Russia", said Abdul Qahar Balkhi, spokesperson, Ministry of Foreign Affairs of Afghanistan.

Balkhi also said, "As the legitimate government of Afghanistan, the IEA is entitled to managing Afghan political missions abroad and engaging responsibly with the world."...

"We do not rule out that Kabul may send several junior and middle-level diplomats to reinforce the staff of the Afghan embassy in Moscow. Some of its diplomats, as we have heard, have already quit their jobs and even left Russia," Kabulov said....

"We are convinced that the international community should actively cooperate with Afghanistan's new government, encouraging steps aimed at its official recognition by the UN and all its participants," Lavrov said in that meeting which was attended by Taliban's acting foreign minister Amir Khan Muttaqi....

While Moscow has officially accredited that Taliban diplomat, Russia's Foreign Ministry has said this cannot be considered as "official recognition" of the regime.

"It would be premature to talk about recognising the Taliban regime in Afghanistan. However, I must note that the regime change in Kabul has not signalled any pause in the diplomatic contacts between our countries. We had contact with the Taliban movement even before it came to power. It is business as usual for the Russian Embassy in Afghanistan, while the members of the Afghan diplomatic mission in Moscow were appointed by the previous government," Maria Zakharova, spokesperson, Russian Foreign Ministry said last week....

However, according to Rakesh Sood, former Indian envoy to Afghanistan, the Taliban will have to ultimately "seek recognition from the West as that's where the money will come from. Their actions on girls' education have further restricted that option. The timing, however, of the step taken by Russia is only a reflection of its growing differences with the West."...

Russia Latest Country to Establish Diplomatic Ties With Taliban

[John Pike](#)

[In-Depth Coverage](#)

By VOA News April 09, 2022

Their government still unrecognized by any country in the world, Afghanistan's ruling Taliban have found a way to beat international isolation: opening diplomatic ties with neighboring countries and others, with an eye to gaining formal recognition.

In recent months, at least four countries — China, Pakistan, Russia and Turkmenistan — have accredited Taliban-appointed diplomats, even though all have refused to recognize the 8-month-old government in Afghanistan.

Last month, Russia became the latest country to establish diplomatic ties with the Taliban when its Foreign Ministry accredited Taliban diplomat Jamal Nasir Gharwal as Afghan charge d'affaires in Moscow.

"We regard this as a step towards the resumption of full-fledged diplomatic contacts," Russian Foreign Ministry spokesperson Maria Zakharova said Wednesday.

On Saturday, Gharwal took over the embassy, Taliban foreign ministry spokesman Abdul Qahar Balkhi tweeted. Although Zakharova said it was premature "to talk about official recognition of the Taliban," the move is not sitting well in Washington, where officials are concerned it could confer

undeserved legitimacy on the Taliban.

A State Department spokesperson said the U.S. and its allies "remain deeply troubled by recent steps the Taliban have taken, including steps to restrict education and travel for girls and women."

"Now is not the time to take any steps to lend credibility to the Taliban or normalize relations," the spokesperson said in response to a query from VOA. "This move sends the wrong signal to the Taliban."

In the wake of the Taliban takeover of Afghanistan last August, the U.S. and other Western countries shut down their diplomatic posts in Kabul. But they've maintained contact with the group, if only to facilitate the flow of humanitarian aid into the country and influence Taliban policies.

The countries that have received Taliban diplomats all maintain embassies in Afghanistan.

Ronald Neumann, a former U.S. ambassador to Kabul and the president of the American Academy of Diplomacy, said it was a "mistake" for Russia and other nations to accredit Taliban diplomats while the international community seeks cooperation from the Taliban on a number of fronts.

"When they accredit the diplomats, then they weaken the influence of the pressure that says you have to allow girls' education and you have to cooperate with the NGOs (nongovernmental organizations) to help feed people or you won't get recognition," Neumann said. "So what the Taliban will see is that if they pay no attention to those statements, some states will begin to move toward recognition anyway."

Accrediting a foreign diplomat is not the same as giving formal recognition, Neumann said. But that's not how the Taliban see it.

"In practice, this is the equivalent of recognition, but it is not enough," said Suhail Shaheen, who has been appointed by the Taliban to serve as Afghanistan's envoy to the U.N. "Countries must recognize the Islamic Emirate."

Shaheen, whose appointment has not been endorsed by the U.N., told VOA that about 10 countries have "accepted" Taliban diplomats, including China, Iran, Malaysia, Pakistan, Qatar, Russia, Saudi Arabia and Turkmenistan.

Of those, only four — China, Pakistan, Russia and Turkmenistan — have formally accredited diplomats appointed by the Taliban, according to announcements by Afghan embassies and the foreign ministries of the host countries.

But previously appointed diplomats at Afghanistan's embassies in Iran, Malaysia and Saudi Arabia now follow the Taliban foreign ministry's "instructions," Shaheen said.

"We don't have any problem with anyone who contacts the current government of the Islamic Emirate and follows its instructions," Shaheen said via WhatsApp. "That's what they've done."

Abdul Qayyum Sulaimani, the Afghan charge d'affaires in Tehran and a holdover from the previous government, told reporters in January that he'd received a letter from Amir Khan Muttaqi, the Taliban foreign minister, confirming his status as acting ambassador.

Representatives of the Afghan embassies in Kuala Lumpur and Riyadh could not be reached for comment.

Qatar is a "special case," Neumann said. The Gulf state has long allowed the Taliban to operate a political office in Doha, and it represents some U.S.

diplomatic interests in Afghanistan. In November, Muttaqi met with Afghan embassy staff in Doha.

The Qatar Embassy in Washington did not respond to a question about whether the Qatari government had accredited any Taliban diplomats.

Afghanistan maintains 45 embassies and 20 consulates around the world. The majority are still run by diplomats appointed by the government of former President Ashraf Ghani and have refused to work with the Taliban government.

Mohammad Zahir Aghbar, Afghanistan's ambassador to Tajikistan, said Taliban pressure to oust Afghan diplomats won't work.

"No country will let them do that," Aghbar told VOA's Afghan Service.

Tajikistan, which maintains close ties to an anti-Taliban resistance group, is the only Afghanistan neighbor that has refused to allow Taliban officials to visit the Afghan Embassy.

Last week, a senior Taliban foreign ministry official visited an Afghan consulate in neighboring Uzbekistan "to improve and organize the consular affairs of the Afghan consulate" in the border town of Termez, according to a Taliban official.

Last month, Afghanistan's embassy in Washington and its consulates in New York and Los Angeles shut down after running out of money.

Senior State Department Correspondent Cindy Saine and VOA Afghan Service's Mirwais Rahmani contributed to this article.

NEWSLETTER

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Taliban officials nearing contract for purchase of gasoline from Russia

[Mohammad Yunus Yawar](#)

3 minute read August 29, 2022 2:26 PM EDT Last Updated 8 months ago



Cans containing gasoline are kept for sale on a road in Kabul, Afghanistan, January 27, 2022. REUTERS/Ali Khara

KABUL, Aug 29 (Reuters) - The Taliban administration is in the final stages of talks in Moscow over the terms of a contract for Afghanistan to purchase gasoline and benzene from Russia, Afghan officials told Reuters.

Reporting by Charlotte Greenfield and Mohammad Yunus Yawar; Editing by

Hugh Lawson

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Taliban signs 'preliminary' deal with Russia for oil, gas, wheat

The agreement comes as Afghanistan faces a worsening humanitarian crisis.



Afghanistan has signed a provisional agreement with Russia to procure petroleum products and wheat, Taliban officials said. [File: Ali Khara/Reuters]

Afghanistan's government has signed a provisional agreement with Russia to import petroleum products and wheat at a discount, according to Taliban officials.

The deal includes the annual purchase of one million tonnes of petrol, one

million tonnes of diesel, half a million tonnes of cooking gas and two million tonnes of wheat, Ministry of Commerce and Industry spokesperson Akhundzada Abdul Salam Jawad told dpa news agency on Wednesday.

He said the import process was expected to "start soon" for Afghanistan, which has been plunged into economic crisis after development aid upon which the country relied was cut following the Taliban's takeover last year.

Haji Nooruddin Azizi, the acting commerce and industry minister, told the Reuters news agency the agreement would run for an unspecified trial period, after which both sides were expected to sign a longer-term deal if they were content with the arrangement.

He declined to give details on pricing or payment methods, but said Russia had agreed to a discount to global markets on goods that would be delivered to Afghanistan by road and rail.

Azizi said his ministry was working to diversify its trading partners and that Russia had offered the Taliban administration a discount compared with average global commodity prices.

Can the Taliban fix Afghanistan's economic crisis? | Start Here

There were no immediate comments by Russia's energy and agriculture ministries.

However, Russian Special Presidential Envoy for Afghanistan Zamir Kabulov confirmed the provisional agreements on the shipment of fuel and grain to Afghanistan.

"There were such agreements, indeed. As far as I understand, they are preliminary; now, the sides must sign specific [agreements] on volumes and range of products," he told Russian state news agency TASS on Wednesday.

Russia has been hit hard by [Western sanctions](#) imposed after its invasion of Ukraine. The unprecedented measures have forced it to push exports to Asian countries – particularly [China](#) and India – to support its economy.

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Week in the Middle East

Like all other countries, Russia does not officially recognise the Taliban's government. Moscow, however, [hosted leaders of the movement](#) before they returned to power in August 2021 and its embassy is one of only a handful to remain open in the Afghan capital, Kabul, after the hasty withdrawal of United States-led foreign forces.

"The contract was agreed upon last month when the minister of industry and trade visited Russia," Jawad said of the reported agreement.

The move could help to ease the isolation that has effectively cut it off from the global banking system amid a worsening humanitarian crisis.

Afghanistan's banking sector has nearly collapsed after the US [froze \\$7bn of its assets held](#) there.

The billions of dollars in foreign aid that had helped prop up Afghanistan's economy for 20 years following the US-led invasion of the country has also been vastly reduced, further deepening the crisis. Meanwhile, food production has been affected by [a two-year drought](#).

Taliban officials have maintained that they are looking to strike trade deals with the international community.

How has a year of Taliban rule changed Afghanistan? | The Stream

EXCLUSIVE Afghan Taliban sign deal for Russian oil products, gas and wheat

[Mohammad Yunus Yawar](#)

4 minute readSeptember 28, 202210:55 AM EDTLast Updated 7 months ago



KABUL, Sept 27 (Reuters) - The Taliban have signed a provisional deal with Russia to supply gasoline, diesel, gas and wheat to Afghanistan, Acting Afghan Commerce and Industry Minister Haji Nooruddin Azizi told Reuters.

Azizi said his ministry was working to diversify its trading partners and that

Russia had offered the Taliban administration a discount to average global commodity prices.

The move, the first known major international economic deal struck by the Taliban since they returned to power more than a year ago, could help to ease the Islamist movement's isolation that has effectively cut it off from the global banking system.

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No country formally recognises the group, which fought a 20-year insurgency against Western forces and their local Afghan allies before sweeping into Kabul as U.S. troops withdrew.

Western diplomats have said the group needs to change its course on human rights, particularly those of women, and prove it has cut ties with international militant groups in order to gain formal recognition.

Russia does not officially recognise the Taliban's government, but Moscow hosted leaders of the movement in the run-up to the fall of Kabul and its embassy is one of only a handful to remain open in the Afghan capital.

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Azizi said the deal would involve Russia supplying around one million tonnes of gasoline, one million tonnes of diesel, 500,000 tonnes of liquefied petroleum gas (LPG) and two million tonnes of wheat annually.

On Wednesday, Russia's state-owned TASS news agency quoted Moscow's special representative for Afghanistan, Zamir Kabulov, as confirming that "preliminary agreements" had been reached on fuel and food supplies to Kabul.

Russia's energy and agriculture ministries did not immediately respond to requests for comment on the agreement. The office of Russian Deputy Prime Minister Alexander Novak, who is in charge of oil and gas, also did not immediately respond.

Azizi said the agreement would run for an unspecified trial period, after which both sides were expected to sign a longer term deal if they were content with the arrangement.

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He declined to give details on pricing or payment methods, but said Russia had agreed to a discount to global markets on goods that would be delivered to Afghanistan by road and rail.

The deal was finalised after an Afghan technical team spent several weeks in discussions in Moscow, having stayed on after Azizi visited there last month.

ECONOMY IN CRISIS

Since the Taliban regained power, Afghanistan has been plunged into economic crisis after development aid upon which the country relied was cut and amid sanctions that have largely frozen the banking sector.

The trade deal is likely to be watched closely in the United States, whose officials have held regular talks with the Taliban on plans for the country's banking system.

Washington has announced the creation of a [Swiss trust fund](#) for some of the Afghan central bank reserves held in the United States. The Taliban have demanded the release of the entire amount of around \$7 billion and said the funds should be used for central bank operations.

Azizi said international data showed most Afghans were living below the poverty line, and his office was working to support trade and the economy through international outreach.

"Afghans are in great need," he said. "Whatever we do, we do it based on national interest and the people's benefit."

He said Afghanistan also received some gas and oil from Iran and Turkmenistan and had strong trade ties with Pakistan, but also wanted to diversify.

"A country ... shouldn't be dependent on just one country, we should have alternative ways," he said.

The Group of Seven (G7) nations are [trying to find ways to limit Russia's](#) oil export earnings in the wake of its invasion of Ukraine in February.

Moscow has managed to maintain revenues through increased crude sales to Asia, particularly China and India. The European Union will [ban Russian crude imports](#) by Dec. 5 and Russian oil products by Feb. 5.

Reporting by Charlotte Greenfield and Mohammad Yunus Yawar; Editing by Mike Collett-White and Jane Merriman

Our Standards: [The Thomson Reuters Trust Principles.](#)

Taliban sets up investment consortium with firms from Russia, Iran

[Reuters](#)

2 minute read February 22, 2023 8:53 AM EST Last Updated 2 months ago



KABUL, Feb 22 (Reuters) - Afghanistan's Taliban-led administration has set up a consortium of companies, including some in Russia, Iran and Pakistan, to create a investment plan focusing on power, mining and infrastructure, the acting commerce minister said on Wednesday.

The consortium included 14 Afghan businessmen and his ministry had

signed a memorandum of understanding with the foreign companies who would send delegates to Kabul to look into projects worth up to \$1 billion, Nooruddin Azizi told Reuters.

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Afghanistan's economy has been severely hampered since the Taliban took over in 2021, sparking the international community to cut most development funding and enforce sanctions on the banking sector.

A series of attacks waged by the Islamic State against foreign targets has also [worried some investors](#).

Azizi said the administration was focused on launching several longterm business plans including the consortium and special economic zones, and that it was working on ensuring security.

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"Lots of discussions on security have taken place in cabinet meetings also, commissions have been established and ... the hiding places (of militants) have been destroyed," he said.

"The Islamic Emirate will ensure security and will support the private sector in the security field," he said, referring to the Taliban administration.

As well as mining and power projects, he said the consortium was eyeing the possibility of building a second tunnel through the Salang pass that connects Afghanistan's north to the rest of the country, and a project to divert water from northern Panjshir province to the capital as well as rebuilding the main highway connecting Kabul to western Herat province.

The minister said the Taliban administration was planning to focus on

building special economic zones it hoped would attract foreign investment.

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His ministry has helped develop a plan to [convert foreign bases](#) into the zones, and a board was being set up with representatives of different ministries. He declined to elaborate while the details were finalised with other ministries and senior leadership.

Shipments of oil, gas and wheat under a major deal with Russia last year had begun arriving in Afghanistan by road and rail through Central Asia, he said, after the payments were made via banking channels despite sanctions that have limited many international payments.

He did not elaborate on which banks had facilitated the payment.

Reporting by Mohammad Yunus Yawar and Charlotte Greenfield; Editing by Alison Williams

Our Standards: [The Thomson Reuters Trust Principles.](#)

Russia, China FM attend high-level conference on Afghanistan



The top diplomats from Russia, China, Iran and Pakistan attended a conference Thursday that focused on ensuring regional security in light of the situation in Afghanistan.

The foreign ministers of the four countries met in Samarkand, Uzbekistan, and discussed the need to cooperate with Afghan authorities to maintain political stability and to prevent [a humanitarian crisis](#), the Russian Foreign Ministry said.

The ministers also talked about the coordination of efforts to “counter the

threats of terrorism and drug trafficking from the Afghan territory."

Russia and China are among a few countries that have kept their diplomatic missions in Afghanistan's capital, Kabul, since the Taliban took power in August 2021.

Moscow worked for years to establish contacts with the Taliban, even though it designated the group a terror organization in 2003 and never took it off the list. It hosted several rounds of talks on Afghanistan that involved senior representatives of the Taliban and neighboring countries.

Beijing has taken a higher profile on regional issues related to Afghanistan as part of China's efforts to extend its global clout.

Russian Foreign Minister Sergey Lavrov and Chinese Foreign Minister Qin Gang held separate talks on the sidelines of Thursday's meeting to discuss a range of issues, including [the situation in Ukraine](#), according to the Russian Foreign Ministry.

In a statement preceding the Uzbekistan conference, the Chinese Foreign Ministry said Beijing was ready to work more closely with Afghanistan's neighbors and the international community for stability, security, prosperity, and development in both the country and wider region.

The statement reaffirmed China's pledge to respect the independence, sovereignty, and territorial integrity of Afghanistan, as well as the choices made by its people. It called on the international community to firmly support Afghanistan to combat terrorism, and urged the United States to live up to its commitment to the country.

Beijing also expressed hope that Afghanistan's interim government would continue working actively to meet its people's interests and the international

community's expectations for an open and inclusive political structure.

"We hope the Afghan interim government will protect the basic rights and interests of all Afghan people, [including women](#), children and all ethnic groups," the statement said.

[Girls currently cannot attend school](#) beyond sixth grade, and women are not allowed at universities in Afghanistan. Authorities present the education restrictions as a temporary suspension and not a ban, but universities and schools reopened in March without their female students.

Women also are barred from public spaces, including parks, and most forms of employment.

The policies have raised fierce international objections, increasing the country's isolation at a time when its economy has collapsed and worsened a humanitarian crisis.

No country has recognized the Taliban as the legitimate government of Afghanistan.

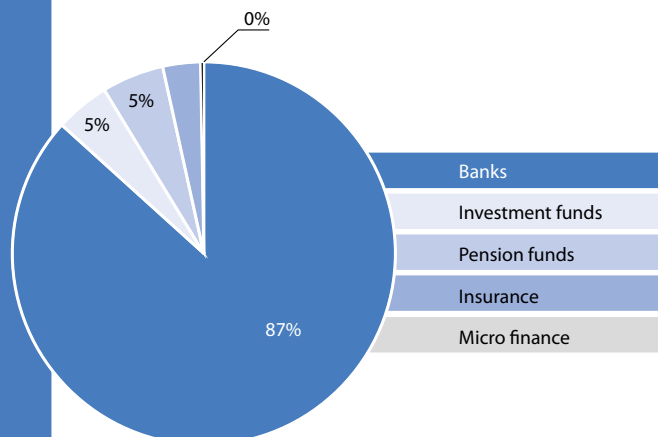
Follow AP's coverage of Afghanistan at <https://apnews.com/hub/afghanistan>

Overview of the financial sector in Russia



Commercial banks play a major role in the financial sector of Russia as is the case in other BSTDB member countries. However, the role of the bond market in Russia is relatively stronger compared to other member countries and it has been increasing in the last 10 years. The banking system in Russia, which harbors 366 banks that include 248 banks with a universal license and 118 banks with a basic license, reported total assets of RUB 103.8 trillion (\$1.4 trillion), as of 31 December 2020 (99% of GDP). The banking sector accounts for around 87% of the total assets in the financial sector. Other financial institutions such as investment funds, pension funds, Insurance, and microfinance institutions are rather small.

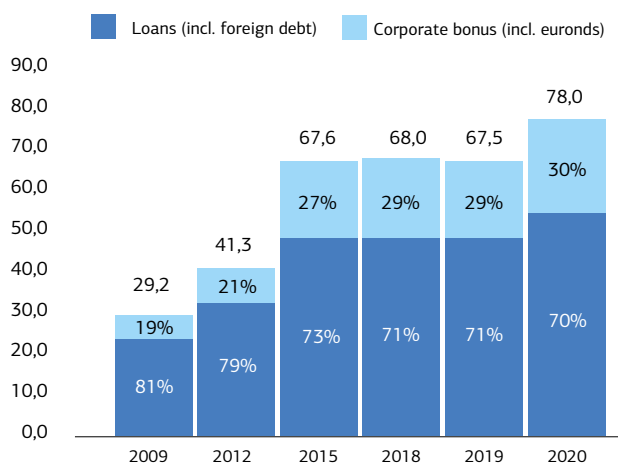
Figure 1. Structure of the financial sector of Russia as of the end December 2020



Source: Bank of Russia

Together with the banking system the securities market has become a significant source of raising funds for the corporate sector over the last decade. As of the end of 2020 around 30% of corporate borrowing is done in the bond market.

Figure 2. Corporate loans vs corporate bonds in Russia, RUB tn



Source: Bank of Russia, Russian Financial Sector Investor Presentation, March 2021

Financial penetration in Russia is high with the banks' total assets at around 100% of GDP. The banking sector in Russia is highly concentrated with the two largest banks holding around 50% of the market. Systemically important financial institutions (12 banks) account for 75% of the total assets of the Russian banking sector. The two largest banks Sberbank and VTB Group are both state owned. Together with other state owned banks, the share of state owned banks in the banking sector is 72%. Domestically owned private banks account for 18% of the total banking sector assets, while foreign ownership in the banking sector is rather small at 10%.

Banks in Russia are well capitalized as the capital adequacy ratio has been above the required minimum for the last decade. The capital adequacy regulation is based on Basel III principles. The total capital requirement is 10.5% of the risk weighted assets out of which 2.5% is a capital conservation buffer. In addition, systemically important banks are required to keep 1% additional buffer. In response to the Covid19 crisis Bank of Russia encouraged banks to use the capital conservation buffer and the buffer for systematically important banks to cover potential losses. Despite this relaxation, the capital adequacy ratio is maintained at 12% by the end of 2020.

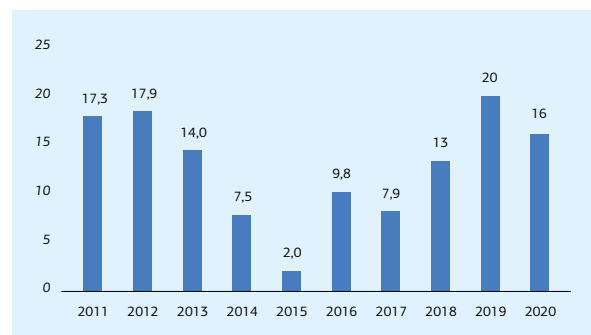
Figure 3. Regulatory capital to risk-weighted assets (%)



Source: Financial soundness indicators, IMF database

The banking sector in Russia maintains sound profitability. After the drop in 2014-2015, profitability has recovered and Return on Equity (ROE) reached 20% in 2019. ROE ratio averaged at around 13% for the last 5 years, which is similar to peer countries with similar risk characteristics. In response to the Covid19 crisis Bank of Russia provided banks with a regulatory forbearance that allows them to postpone the provisioning for potential losses. Taking this into account in 2020 ROE still stands at a relatively high level of 16% but the full impact of the pandemic shock is not yet reflected in numbers.

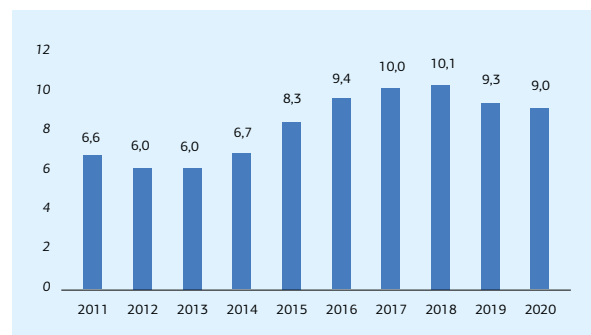
Figure 4. Return on Equity (%)



Source: Financial soundness indicators, IMF database

One of the main challenges of the banking sector in Russia is a relatively high level of NPLs. Non-performing loans have increased after the crises of 2014-2015 and reached 10% of the total loans in 2018. Since then it declined somewhat but still stays elevated at 9% by the end of 2020. The performance of the mortgage portfolio looks better as the share of NPLs for mortgages stays low at 1.3% and, besides, it is fully provisioned with the loan loss reserves. In contrast, NPLs in unsecured consumer lending and corporate lending are relatively high at 9% and 13% respectively. But it should be mentioned that corporate loans are fully provisioned and the provisioning for consumer lending is at 93%. As in other countries, the current level of NPLs may not reflect the real picture accurately due to the credit payment holidays and the regulatory forbearance on the classification of restructured loans that has been enacted by the authorities, which makes it difficult to assess the exact volume of NPLs in the system.

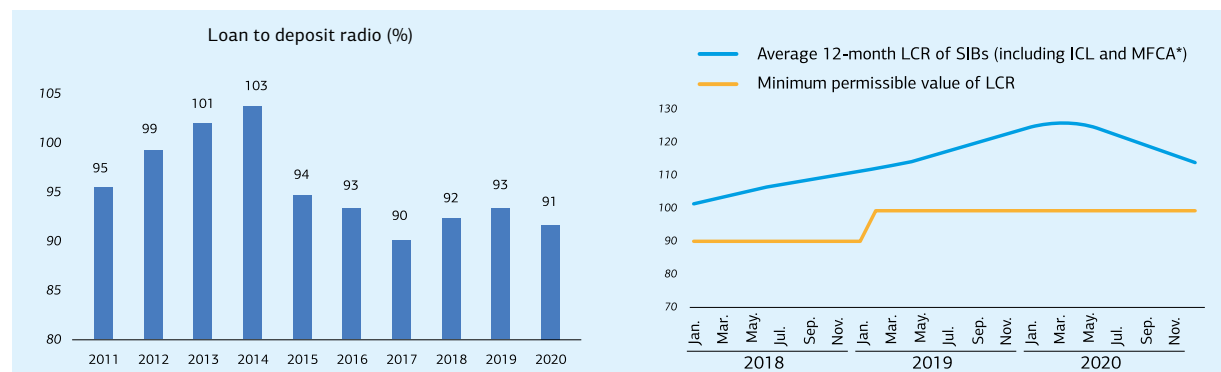
Figure 5. Non-performing Loans to Total Gross Loans (%)



Source: Financial soundness indicators, IMF database

Loans constitute around 62% of the total assets of the banking sector, while another 30% of the total assets are kept in liquid assets. Lending is entirely funded by deposits. The loan to deposit ratio stands at 91% as of the end of 2020. The share of deposits in funding has increased significantly in the past 6 years. After the US and EU sanctions that restrict access to international capital markets the large state-owned banks had to rely more on domestic funding. As a result, the loan to deposit ratio has decreased since 2014. Retail deposits accounted for around half of total deposits with the other half coming from corporate funds. With the volume of deposits above that of loans, the banking sector enjoys solid liquidity buffers. Liquidity Coverage Ratio (LCR) is significantly above the required minimum for the last 3 years.

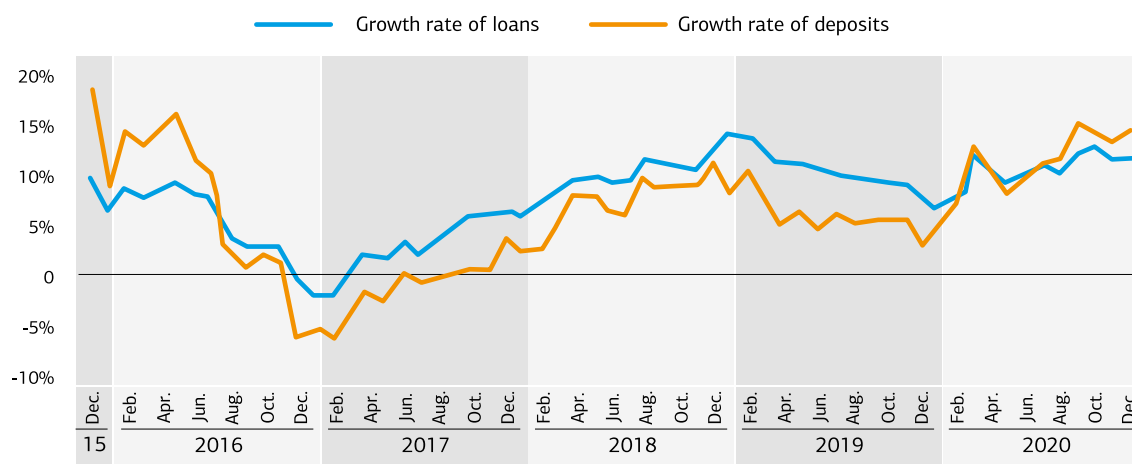
Figure 6. Loan to deposit ratio and banking system liquidity



Source: Bank of Russia, Monetary Survey, Financial Stability Review, 2020 Q2-Q3

Loan growth was quite strong for the last 5 years averaging approximately 8%. In 2020 it accelerated even more and reached 12% by the end of the year. The growth comes from both retail and corporate loans. Particularly strong growth was reported in the mortgage portfolio that grew by 21% in 2020. Deposit growth was also strong with an average annual growth of 6% for the period of 2016-2020. Last year deposits grew by 14% mostly driven by corporate sector funds. The growth of retail deposits, however, has slowed down last year and reached 7% by the end of the year.

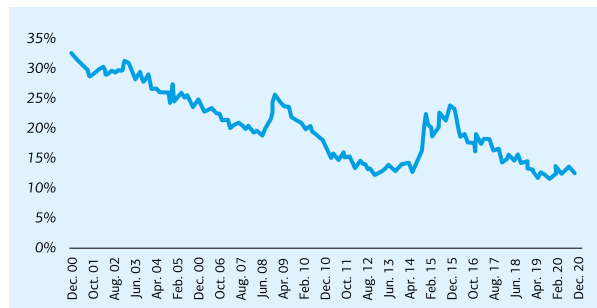
Figure 7. Annual growth rate of loans and deposits



Source: Bank of Russia

Overall, Russia was successful in de-dollarizing its economy and its financial sector in particular. Dollarization in Russia was declining since the early 2000s. While dollarization picked up after the crises of 2008-2009 and 2014-2015, it resumed a downward trend once the crises were over. Overall loan dollarization is quite low compared to other dollarized economies in the wider region and the BSTDB Region.

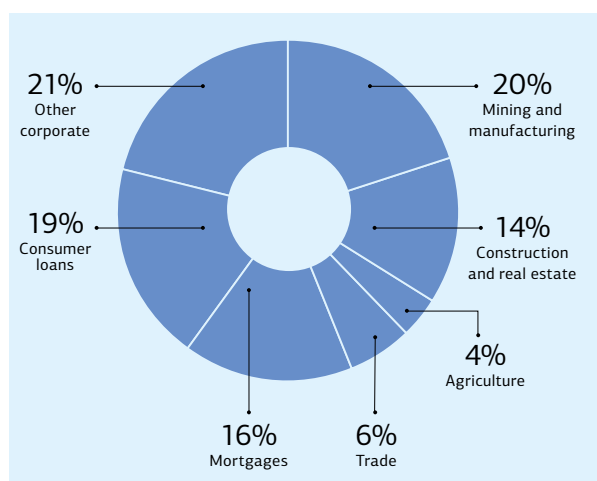
Figure 8. Loan dollarization 2000-2020



Source: Bank of Russia

Banks have larger exposure to corporate borrowers with a 65% share of loans to the corporate sector in the total credit portfolio. The manufacturing sector with 17% accounts for the largest share in the corporate loan book. Construction and real estate activities account also for solid part of the total portfolio. Consumer loans account for 19% of the total loans. The share of Mortgages is also important with 16%.

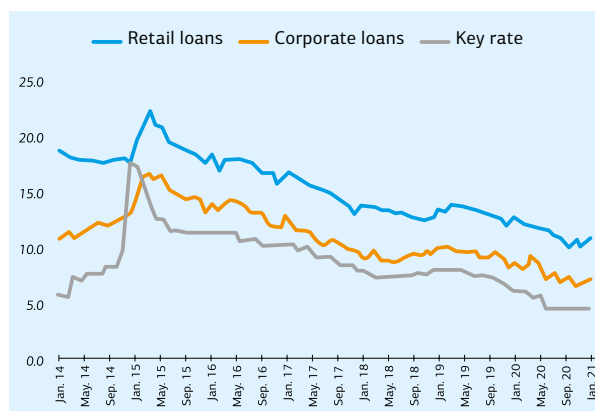
Figure 9. Structure of the credit portfolio as of end 2020



Source: Bank of Russia

Interest rates have been declining for the last 5-6 years. In 2014, to address potential inflationary spillover stemming from exchange rate depreciation, Bank of Russia had increased the key rate massively from 8% to 17%. As a result, lending interest rates followed and increased to above 20% per year for retail loans and above 15% per year for corporate loans. Following the FX market stabilization, BoR started cutting the key rate, and that trend continued in 2020. However, Interest rates are expected to increase as BoR started tightening monetary policy in March 2021 due to rising inflationary pressures.

Figure 10. Key policy rate and interest rates on loans (%)



Source: Bank of Russia

Overall the banking sector in Russia is adequately capitalized with strong capital and liquidity buffers. The banking sector is highly concentrated with state owned banks dominating the market. For the last several years, banks exhibited solid performance in terms of profitability. However, the effect of the pandemic crisis response is still yet to be seen. Overall, despite few spikes during crisis periods, Russia was successful in terms of de-dollarization of the financial system. The developing bond market offers a competitive funding venue for corporate borrowers to raise funds in the domestic market. The biggest challenge for the banking sector remains a relatively high level of NPLs that are to a high extent provisioned by the loan loss reserves but potentially may increase further as the full impact of economic slow down is reflected on the asset quality.

FACTBOX-Key facts about sanctioned Russian bank VTB

Feb 24 (Reuters) – Russian lender VTB was hit with sanctions by both the United States and the United Kingdom on Thursday, in the wake of Russia's all-out invasion of neighboring Ukraine.

Here are some key facts about the bank.

WHAT IS VTB?

VTB is the second-largest lender in Russia. As well as providing traditional banking services, it conducts investment banking operations through its VTB Capital arm.

Founded in 1990, VTB was created to help facilitate Russian trade abroad and promote the country's integration into the global economy.

OWNERSHIP

VTB is owned by the Russian state, which controls 92.23% of the bank's share capital. The holding is split between three agencies: the Federal Agency for State Property Management, the Ministry of Finance, and the Deposit Insurance Agency, according to VTB's website.

LEADERSHIP

The bank is run by Andrey Kostin, who is president and chairman of the management board. The 65-year-old Kostin is regarded as a staunch ally of President Vladimir Putin and was himself sanctioned by the U.S. government in 2018 as part of a package of measures targeting Russians involved in

"worldwide malign activity."

The European Union on Wednesday also imposed sanctions on Kostin, alongside a number of other senior Russian officials.

WHERE IS VTB?

VTB Group has a presence in 14 countries outside Russia, including Armenia, the United Kingdom, Germany, Angola and China, according to its website.

PREVIOUS SANCTIONS

VTB was already under sanction from the U.S. government, which imposed restrictions on a number of Russian banks in 2014 after Russia annexed Crimea. That round of sanctions aimed at limiting the ability of these banks to access U.S. debt and equity markets, so they could not raise cash from American investors.

Reporting by David French in New York Editing by Matthew Lewis

German regulator not planning to sell VTB's subsidiary in Europe, to focus on protecting operating activities

14 Sep 2022 18:38

MOSCOW. Sept 14 (Interfax) - Germany's Federal Financial Supervisory Authority (BaFin) is not considering selling the European subsidiary of VTB, and BaFin will focus on maintaining the operations of the credit institution, according to a statement on the website of VTB Bank Europe.

VTB Bank Europe, with assets totaling 7.3 billion euros at the end of 2021, is owned by VTB. Following sanctions being imposed against VTB in April of this year, BaFin removed the Russian bank from managing the subsidiary, indicating separately that VTB Bank Europe was not subject to European Union restrictions.

"We are currently focusing on protecting operations," BaFin representative Frank Hellwig said in the statement.

"As a result of the sanctions and the suspension of new business, VTB Europe is currently going through the process of structuring management and effectively winding down the existing business. Other scenarios, such as a sale and, subsequently, a change in ownership, are not currently under consideration, given the sanctions in place against the Russian parent bank," Hellwig said.

The bank generated net profit of 26.9 million euros in 2021 against 71.4 million euros the previous year, and it posted a loss of 35.8 million euros in H1 2022. According to the bank's financial statement, it is looking to end

2022 with a small profit, and is expecting a return on equity of 0.5%.

VTB Bank Europe's assets declined to 5.5 billion euros at the end of June 2022 from 7.3 billion euros in 2021. Funds in savings accounts and term deposits shrank from 4.1 billion euros to 2.6 billion euros.

According to the statement, the bank has a sufficient capital cushion to cover losses and fulfill its obligations to depositors.

VTB transferred its European divisions in Germany, Austria, and France to a single banking license headquartered in Frankfurt am Main in early 2018. VTB Bank (Europe) SE also included the VTB Direktbank online retail platform in Germany.

Unchecked By Global Banks, Dirty Cash Destroys Dreams and Lives

by Will Fitzgibbon (ICIJ) 20 September 2020

Credit: ICIJ / BuzzFeed News; Getty Images

Emily Spell heard the screams from outside her parents' red brick home.

She found her brother, Joseph Williams, 31, splayed on a mattress in the basement. His eyes, half open, were yellow. His lips were blue. His wife, Kristina, was pounding on his chest.

"Joe, wake up! Joe, wake up!" Kristina hollered.

Spell, a nursing student, started CPR. Each time she pressed down on his chest, white foam spluttered from Joe's mouth and onto his favorite Batman pajamas.

Joe's mother, who'd raced home from work at Piggly Wiggly, a regional grocery store in Garland, North Carolina, tore into the room. She lay down beside her only son.

"It's OK, baby, you can go ahead and sleep," Susan Williams said. "Do you want a cigarette? Are you cold?"

"I thought my mama had lost her mind," Emily remembers. "Of course he was cold. Because he was dead."

Joe's family didn't know what killed him. They had no idea that he was one of the first of tens of thousands of Americans who would be felled by fentanyl, the deadliest narcotic in the world. And even after they saw the autopsy

report, it wasn't until much later that they learned of the global forces responsible for Joe's death.

It took a network of traffickers stretching back to China, relying on the easy movement of dirty money through brand-name financial institutions, to deliver lab-designed opioids to rural North Carolina and across the U.S.

New details about how money that powered the fentanyl drug ring and more than \$2 trillion in other suspect funds sloshed around the globe are contained in a cache of secret financial records obtained by BuzzFeed News and shared with the International Consortium of Investigative Journalists.

The files, known as suspicious activity reports, or SARs, provide a worldwide tour of crime, corruption, and inequality, with starring roles played by politicians, oligarchs, and honey-tongued swindlers, and crucial roles by the bankers who serve them all. The SARs show how the failure of banks and other financial institutions to thwart illicit money flows promotes criminality and suffering on a grand scale.

About This Investigation:

The FinCEN Files is a 16-month-long investigation by the International Consortium of Investigative Journalists, BuzzFeed News and more than 400 international journalists in 88 countries, including those from OCCRP and its network of member centers.

The leaked documents, known as [the FinCEN Files](#), include more than 2,100 Suspicious Activity Reports written by banks and other financial players and submitted to the U.S. Treasury Department's Financial Crimes Enforcement Network. Some of the records were gathered as part of U.S. congressional committee investigations into Russian interference in the 2016 U.S. presidential election, while others were gathered following requests to

FinCEN from law enforcement agencies.

In a world beset by headline-grabbing crises, including a coronavirus ^{More} pandemic that is destroying lives and economies, the unchecked piping of dirty money may not register as an immediate threat. But the consequence is profound: Narcotraffickers and Ponzi schemers shift profits beyond the reach of authorities. Despots and corrupt captains of industry swell ill-gotten fortunes and consolidate power. Governments, starved of revenue, can't afford medicine to treat the sick.

At the heart of these stories are real people hurt in real ways: families that have lost savings to predatory financial schemes, Olympic athletes cheated of victories by crooked officials, parents mourning sons and daughters fallen in battle, a mother crushed at work and a brother taken by drugs.

Joe Williams' family and other victims often don't know that their pain is, in part, the product of financial crime, or a violation of Title 18, United States Code, Section 1956, "laundering of monetary instruments."

"People may not be aware of issues like money laundering and offshore companies, but they feel the effects every day because these are what make large-scale crime pay — from opioids to arms trafficking to stealing COVID-19-related unemployment benefits," said Jodi Vittori, a corruption expert at the Carnegie Endowment for International Peace.

But criminal networks and the law enforcement officials trying to stop them understand that an untamed tide of dirty cash is the single most important requirement of a successful criminal enterprise.

Brandon Hubbard, in prison for life for importing fentanyl in the scheme that killed Joe, remembers the police who arrested him seemed more interested in where the cash went than the powder known as China White. "That's the

first thing they asked me when they came in the door," Hubbard said in an interview from prison. "'Where's the money?'" Hubbard denied that he knew or distributed drugs to Joe Williams.

Credit: ICIJ The headquarters of the U.S. Department of Treasury's Financial Crimes Enforcement Network in suburban Washington, D.C.

Suspicious Money Movement

The SAR reports — dense, technical information bulletins — are the most detailed U.S. Treasury records ever leaked. They disclose payments processed by major banks, including HSBC, Deutsche Bank, JPMorgan Chase and Barclays. They describe journeys of dirty money that zigzag inexplicably around the world; from a kleptocrat's spoils or a front company on the Atlantic coast, for example, via a Wall Street bank to a sun-kissed tax haven in the Caribbean, a Singapore tower block or a financier in Damascus.

SARs are not evidence of wrongdoing. They reflect views by watchdogs within banks, known as compliance officers, reporting past transactions that bore hallmarks of financial crime, or that involved clients with high-risk profiles or past run-ins with the law.

FinCEN has said it does not comment on "the existence or non-existence of specific SARs." [It released a statement](#) about unnamed "media outlets" that said "the unauthorized disclosure of SARs is a crime that can impact the national security of the United States." Days before ICIJ and its partners released the FinCEN Files investigation, [the agency announced](#) it was seeking public comments on ways to improve the U.S. anti-money laundering system.

Sparked by the secret files, reporters traced a Rhode Island drug dealer's dollars to a chemist's lab in Wuhan, China; explored scandals that crippled

economies in Africa and Eastern Europe and tracked tomb raiders who looted ancient Buddhist artifacts that were sold to New York galleries.

The dozens of political figures who feature in the documents include Paul Manafort, the former Donald Trump campaign manager who was convicted of fraud and tax evasion. JPMorgan reported that it moved money between Manafort and his associates' shell companies as recently as September 2017, long after his ties to Russian-connected Ukrainian officials and suspected money laundering had been widely reported.

Often, the [person tied to a suspect transaction](#) was one step removed from the boldfaced name: a child, an associate, or, in the case of Atiku Abubakar — a former Nigerian vice president accused of diverting \$125 million from an oil development fund — a wife. Years after corruption allegations against her husband surfaced, Rukaiyatu Abubakar moved more than \$1 million of his money through Habib Bank to a company in the United Arab Emirates to buy an apartment in Dubai. (Atiku Abubakar has not been tried in court and denies wrongdoing).

Dozens of stories across the FinCEN Files investigation trace money transfers like these, from foreign capitals to companies that exist only on paper, handled by global banks that have long catered to oligarchs and despots and have felt little real pressure to stop. This system has had lasting consequences that ravage the lives of people like those you may know.

An Australian aromatherapist sent \$50,000 to a cryptocurrency scam run out of the United States, Bulgaria, and Thailand. A Texas retiree thought that he had found true love with an Austin college student he met online and paid into a Bank of America account owned by a failed Nigerian politician. Russian parents who needed to ferry their sick child to a hospital in St. Petersburg wired \$15,000 to a used-car salesman in New Jersey who promised, but

never delivered, a second-hand Honda.

And a North Carolina man nursing a secret addiction paid a few dollars for a white powder that traversed three countries and ended his life.

Credit: Travis Dove/ICIJ

An Overdose in Garland

"Emily, what the hell is fentanyl?"

Joe Williams' mother was standing in her daughter's kitchen holding the toxicology report that had arrived in the mail that day in 2014.

Emily Spell had heard of the opioid in nursing school. "Like, a pain medication they give to cancer patients," she responded.

Williams, a father of four, lived on the eastern border of Garland, home to just over 600 people, blueberry fields and hog farms. "Greatness Grows in Garland" is a town slogan, but evidence of that greatness has been harder for some people of Joe's generation to find. No new homes have been built in years, and local leaders recently disbanded the police force due to budget constraints. The town has been hit hard by the COVID-19 pandemic.

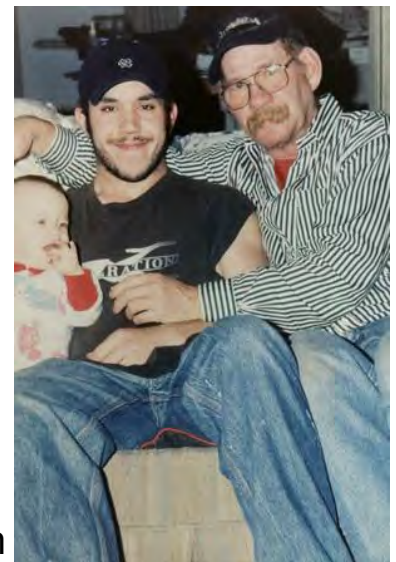
On a recent summer day, locals refilled propane canisters outside the bustling Piggly Wiggly and ordered cheese sandwiches from Subway. The Curiosity Shop and other businesses in the center of town were closed. Weeds shot up out of cracks in the empty asphalt car park outside the shuttered Brooks Brothers shirt factory.

Emily knew her brother used drugs; he was arrested in 10th grade for bringing marijuana to school and, more recently, had pawned his father's work tools to buy cocaine. But the family didn't realize how much and how

often the healthy-looking, six-foot, 200 pound-plus Joe Williams used. Emily's Joe was a guy who pulled funny faces in family photos; who, when they were kids, placed her in gentle choke holds as they watched professional wrestling and sneaked into her room at night to sleep because he was scared of the dark.

As an adult, Williams bounced between jobs, played plenty of "Call of Duty" and kept his drug addiction a secret. Days before his death, Williams received a package mailed from Canada with five painkillers and fentanyl powder.

In 2017, U.S. prosecutors named Williams — referred to only by his initials, "J.W." — as the first American victim of a global plot to distribute deadly drugs. Next year, a federal judge in Fargo, North Dakota, will sentence Anthony Gomes who pleaded guilty to conspiring to launder money and to distribute drugs that killed Joe Williams and other Americans.



Credit: Travis Dove/ICIJ Joe Williams (center), died at age 31 from a drug overdose.

Authorities arrested Gomes near Fort Lauderdale, Florida, in 2017, not far from his \$850,000, six-bedroom Tudor cottage, bought, prosecutors alleged, with drug money. Investigators seized \$150,000, Gomes' Maserati sports car and an all-terrain vehicle.

For years, Gomes and his girlfriend, Elizabeth Ton, sent bank transfers and money wires to China and Canada, where the group's ringleader operated from his jail cell.

Prosecutors said Gomes, Ton and other members of the drug and money laundering "conspiracy" used offshore accounts, money transfers, a Bank of America account and encrypted communications to conceal their

operations.

In an undated spreadsheet from the FinCEN Files, Gomes and eight others are linked to payments totaling more than \$403,000 made between 2012 and 2017 via MoneyGram International, a Dallas-based money-transfer firm that in 2018 paid \$125 million in penalties to U.S. authorities for violating a settlement with U.S. authorities intended to stop money laundering and fraud.

The FinCEN Files spreadsheet, a barebones list of more than 1,500 suspicious activity reports, was titled "VTB Bank Export," referring to a state-owned Russian institution known as Russian President Vladimir Putin's "[piggy bank](#)." The U.S. Treasury Department sanctioned VTB Bank in 2014 in response to Russia's annexation of Ukraine's Crimean Peninsula. It is unclear what connection VTB Bank had to the MoneyGram transfers or why the document was created.

VTB Bank said that it "operates strictly according to local and international laws and complies fully with all local and global regulatory standards." The bank has "not received any complaints about our activities from USA authorities" and is "unable to comment on this matter as we have not been given access to the relevant documentation that the query refers to."

Three of the eight people named with Gomes in the spreadsheet have been charged with or convicted of drug trafficking. One, Xiaobing Yan, is the first manufacturer of fentanyl to be indicted in U.S. history. Yan, 43, operated out of Wuhan, China, and is still wanted by U.S. authorities. He denies breaking Chinese laws or knowingly selling substances banned in the U.S.

The other two were Ton, Gomes' girlfriend, and Darius Ghahary. Both were charged with fentanyl-related crimes in 2017. MoneyGram reported suspicious transfers tied to Ghahary more than a decade after New Jersey

authorities fined him in a high-profile internet fraud case. It is unclear exactly who paid whom and the exact route the fentanyl took to reach Garland. U.S. prosecutors trying Gomes' case declined comment.

Credit: Alexander Vershinin/AP The 2015 unveiling of a gold-leafed statue to Turkmenistan President Gurbanguly Berdymukhamedov ceremony in Ashgabat.

A Day Laborer in Turkmenistan

The flour, when it arrived at the store, smelled foul. The oil was black and bitter.

It was 2016, and Turkmenistan's economy was spiraling downward. The poor foraged from dumpsters. Within two years, inflation would be second only to Venezuela's.

By day, laborers lugged sacks of cement by bicycle for a few manat, the Central Asian country's currency, which seemed to shrink in value overnight. In the evenings, husbands and fathers crowded outside black plastic doors of government-owned supermarkets, where shelves were empty except for overpriced imports.

"There was never enough to eat," one Turkmen, a day laborer from the southern oasis town of Mary, told ICIJ. He asked not to be named for fear of putting his family at risk. "People waited for flour until midnight, and the shop owners could not say when it would come."

This year, the nonprofit Freedom House ranked Turkmenistan more repressive than North Korea and one of the four "Worst of the Worst" countries in the world for political and civil rights. Experts say that nothing happens without the approval of the president, Gurbanguly

Berdymukhamedov.

In Ashgabat, the capital, citizens cannot withdraw more than \$23 a day from the bank. They cannot open a window along an avenue along which Berdymukhamedov may pass. This year, the president reportedly banned the word "coronavirus."

The capital's name, Ashgabat, means "City of Love." Because of the hunger, police-state repression and corruption, many know it by another name: City of the Dead.

Corruption in Ashgabat, as in many of the world's capital cities, is sustained by the surreptitious movement of money through offshore outposts — and, often, through some of the world's richest banks.

Nearly three dozen suspicious activity reports reviewed by ICIJ describe payments linked to Turkmenistan and totaling \$1.4 billion between 2001 and 2016. "Suspicious" does not necessarily mean illicit, but bank compliance officers watching the transfers determined that they deserved more scrutiny.

"The wires appear suspicious because they were often sent in a repetitive nature and typically involved suspected shell-like entities," an employee in Bank of New York Mellon's legal department wrote of nearly \$100 million in transfers during the last three months of 2016.

Some U.K.-based companies received money from Turkmenistan even though they had reported to regulators that they weren't actively engaged in any business, according to an ICIJ analysis.

In one case, Turkmenistan's trade ministry sent \$1.6 million to a company in Scotland called Intergold LP, according to leaked records. The bank's records indicated that the payment was for "confectionery" — or sweets. The

payment left the ministry's bank account in Ashgabat, passed through Deutsche Bank in New York and arrived in a Latvian bank account held by Intergold.

Intergold LP was created 10 months before its transactions with the Turkmenistan government, records show. Its listed address is a store called Mail Boxes Etc. in Glasgow, Scotland. "MAKE THIS YOUR BUSINESS ADDRESS," the storefront suggests.

Intergold has since been renamed SL024852 LP. It's not clear who owns the business or whether it has any legitimate purpose.

James Dickins, who signed official registration documents at the time of Intergold's creation, also signed off on accounts for at least 200 other companies in England. British companies have emerged in recent years as popular tools to hide crooks' and corrupt officials' bounties.

ICIJ was unable to reach Dickins. Daniel O'Donoghue, who also signed Intergold's registration application, said his corporate work is supervised by U.K. anti-money laundering regulators and meets the required high standards of due diligence. "Re: Intergold LP if you have evidence of a crime you should pass it to law enforcement," O'Donoghue said.

"This definitely sounds like a case where a shell company has been used to stash funds from state coffers," said Annette Bohr, a research analyst at London's Chatham House think tank who specializes in Central Asian kleptocracies. "They were likely thinking that putting down 'confectionery' will not ring any bells."

Turkmenistan's trade ministry did not respond to questions sent via its embassy in U.S..

In documents seen by ICIJ, Deutsche Bank did not explain why it found the transactions suspicious. The bank declined to discuss its relationship with Turkmenistan. It told ICIJ that, in general, "discussing potential SARs ... would be a criminal violation of US (and other) law."

Banks file SARs regularly and "thus help the authorities to catch and prosecute those engaged in criminal activity," the bank said. "Deutsche Bank is actively monitoring for suspicious conduct and shares relevant findings with the authorities."

Deutsche Bank's role in the transactions was as a correspondent bank — meaning that it enabled the Turkmen banks to convert manats into dollars and pay into other accounts around the world.

It's a familiar role: the German institution was the international vault of choice for Turkmenistan during the murderous regime of former president-for-life Saparmurat Niyazov.

Deutsche Bank held up to one-third of the country's revenue in accounts accessible only by Niyazov, according to Global Witness, an anti-corruption group. One former chairman of the country's central bank told the group that the billions of dollars at Deutsche Bank were effectively Niyazov's "personal pocket money."



Credit: Sylvain Cherkauui/AP Papa Massata Diack, son of Lamine Diack the former president of the International Association of Athletics Federations (IAAF) now known as World Athletics, speaks at a press conference in Dakar, Senegal Monday, Sept. 14, 2020.

A Senegalese in Paris, a Tunisian steeplechaser

On a mild June day this year, Lamine Diack, an octogenarian from Senegal who was once the most powerful man in international athletics, appeared in a courtroom in northwest Paris to face corruption charges.

"I am starting to become an old nail," [Diack told the courtroom](#) as he struggled to remember details of the graft during his watch as president of the International Association of Athletics Federations.

Diack, in glasses and a blue and white dotted tie, faced prosecutors miles from Hotel California on the Champs-Élysées.

It was at the four-star art deco marvel that Diack's son and alleged partner in crime, Papa Massata Diack, made a final splurge before their arrest in 2015, according to bank records sent to FinCEN.

The younger Diack's \$30,000 hotel booking was among 112 payments flagged as suspicious in 2016 by Citibank, according to records. For years, the bank had witnessed payments — to London, Singapore, Doha, Moscow, Beijing and elsewhere — that experts say should have alerted diligent bankers much earlier.

"If money is going to consulting firms with no employees, luxury stores, that raises red flags," sports governance expert Roger Pielke told ICIJ. "It's not necessarily the money going around the world that's the problem, it's the combination of the money and the destination."

As IAAF president, the elder Diack joined a vast bribery apparatus that enabled what prosecutors allege to be one of the most audacious doping schemes in sports history.

Lamine Diack and his son solicited \$3.8 million in bribes, mainly from Russia's sports ministry, to hide the results of drug tests showing that Russian athletes had taken performance-enhancing substances, French prosecutors allege.

After the scandal broke, the World Anti-Doping Agency found that the elder Diack "sanctioned and appeared to have had personal knowledge of the fraud and the extortion of athletes." It also stripped several Russians of medals won in the 2012 Olympic games.

Diack also skimmed \$1.5 million from Russian sponsorship and television deals to finance an election campaign in Senegal, according to prosecutors. French authorities are investigating whether bribes were paid to influence

the selection of host cities for the Olympics and world championships.

Diack did not reply to ICIJ's questions. Days before publication of the FinCEN Files, the Paris court sentenced Diack to four years in prison for corruption and breach of trust. His lawyers called the decision "unfair" and "bewildering." Papa Massata Diack was sentenced to five years in prison for complicity in acts of corruption and fined more than \$1 million. [On Twitter, Papa Massata Diack said](#) he was innocent and "surprised by the verdict," which he said was based on "inadequacies" by prosecutors. Both men were cleared of money laundering. They will appeal.

Diack's trial unfolded in Paris, but the alleged financial chicanery that put him in the dock was global.

Over 72 hours in February 2013, for example, a Senegalese company, Pamodzi Consulting, scattered \$1.25 million to a network of unusual clients: a Paris-based jeweler, Lamine Diack, a Russian sports federation, and a retailer selling luxury watches, perfumes, and beauty products.

"The involvement of this French company in a sports marketing consultancy contract seems to be inconsistent with its declared sector of activity — namely the 'retail perfume and beauty products trade,'" France's financial intelligence agency, Tracfin, wrote to prosecutors about the Paris boutique, according to documents seen by ICIJ.

It was a lot of cash for a business in downtown Dakar with no obvious website.

It took two years for Citibank to realize that it had approved transactions that were part of a major sports bribery scandal.

Accounts at Standard Chartered, Deutsche Bank, Barclays, JPMorgan Chase

and UBS also sent or received suspicious payments reported to French investigators, according to confidential documents reviewed by ICIJ.

Nearly a year after Diack's arrest in 2015, Citibank reported 112 wire transfers worth \$55.7 million dating to 2007. One of the most recent suspicious payments — the \$30,000 reservation down payment to Hotel California in Paris — was sent a few months before Diack's arrest. A \$45,000 wire transfer went to a car dealer in Qatar and another, for \$435,000, to a Singapore company, Black Tidings, based in a public housing complex.

The money reported to FinCEN was only part of a torrent of dollars, francs, rubles, renminbi, and euros that allegedly went into the pockets of coaches, doctors, administrators, and government ministers in one of sports' grubbiest scandals.

Along the way, athletes were cheated out of lifelong dreams.

Russian Yuliya Zaripova accepted a gold medal for the 3,000 meter steeplechase at the 2012 London Olympics before a cheering crowd and a global television audience of millions.

Tunisian runner Habiba Ghribi finished second.

Zaripova was stripped of her victory in 2016 after a retest of a urine sample showed that a drug test's positive result had been concealed as part of the Russian doping scheme. Ghribi was later awarded the gold during a small, ad hoc Sunday night ceremony near Tunis on the margins of an athletics tournament for young adults.

Losing to a drug cheat cost Ghribi tens of thousands of dollars in winnings and sponsorship deals, she told ICIJ reporting partner Inkyfada.

"A champion and a runner-up — it isn't the same thing," she said.



Credit: Associated Press A funeral for a miner killed in one of two major mine accidents in Ukraine on July 29, 2011. Ukraine's coal mines are among the world's most dangerous.

A Ukraine Mine Disaster

"We sat expecting a miracle," Olha Prykhodko said, remembering the day nine years ago she prayed in church to see her mother one last time. "And every time they would bring out a new human being in a black plastic bag, that hope would vanish."

Prykhodko described how her mother, Nadezhda Kulinich, looked at the funeral. Kulinich's dislocated jaw was wrapped in white bandages. Her fingers were smashed and her arms were blue — signs of a futile attempt to protect her face as tons of rock, metal and concrete rained down on her.

On July 29, 2011, Kulinich was one of 11 killed at a state-owned coal mine in eastern Ukraine when a tower collapsed onto a building.

"Mom kept complaining that everything was falling apart," Prykhodko told

ICIJ partner Kyiv Post. Kulinich even told a visiting safety commission before the accident that “bricks kept falling on their heads,” Prykhodko said.

Employees grumbled that the collapsed tower hadn’t been replaced in 50 years.

Prykhodko, now with a daughter of her own, blames the “whole chain of guilt going all the way up to the government in Kyiv.” From her home, she can see the spot where her mother died.

Ukrainian miners say rampant corruption puts them at risk.

Many of the country’s coal mines, including Bazhanov, where Kulinich died, are state-owned. They have long been the favorite source of plunder for kleptocrats, according to anti-corruption campaigners, employees and officials.

Across the industry, equipment failures are a constant concern. Mines have reported having barely more than half the masks needed to keep miners breathing in the event of a collapse. The miners’ union complained in an interview with a Ukrainian magazine that old equipment is taken from idle mines and simply repainted before being reassigned.

The Bazhanov tower collapse, in the city of Makiivka, was one of three mine accidents in Ukraine that week that together killed at least 39 men and women. All occurred in the country’s coal-rich east, near the Russian border, where today two rogue “people’s republics” operate with Kremlin backing.

An official commission identified aging equipment as a possible factor in the Bazhanov tower collapse and recommended changing how and when towers are inspected.

Supplying the Bazhanov mine was an obscure Cyprus company called

Tornatore Holdings Ltd. Months after Kulinich's funeral and 5,000 miles away, Peggy McGarvey, Deutsche Bank's top Wall Street compliance officer, tried to figure out who owned Tornatore.

What caught McGarvey's attention wasn't the deadly accident but warning signs the bank noticed after processing two large payments on Tornatore's behalf.

In December 2011, Tornatore received \$5.5 million from a Ukrainian mine equipment subsidiary called LLC Gazenergolizing. The next day, Tornatore sent \$999,994 to a large Russian leasing company, partially owned by the Kremlin.

The high-value payments, some rounded almost to the nearest thousand or million in what experts consider a "fingerprint" of fraud, capped off a year of Deutsche Bank concerns about Tornatore. The company had made suspicious payments and had no obvious home or "line of business," bankers wrote in reports beginning in March 2011, a few months before the accident at the Bazhanov mine that summer.

McGarvey's team saw that the leasing company described the latest wire transfers as presents and a loan repayment, but the bankers wanted more information, according to the bank's report from February 2012. The leasing company's Russian bank, Globex, had assured Deutsche Bank, in response to earlier concerns, that "the client didn't make suspicious operations." But McGarvey's colleagues had persisted, asking Globex: "Please provide the business information for Tornatore."

"No information," the Russian bank replied. Months later, McGarvey, too, was none the wiser.

McGarvey, who remains Deutsche Bank's head of suspicious activity

reporting in the United States, did not respond to questions for this story.

It took Ukrainian journalists to connect Tornatore to the Makiivka accident.

In 2011, Tetiana Chernovol and Yuriy Nikolov [reported that Tornatore](#) was linked to Yuriy Ivanyushchenko, a politician close to then-President Viktor Yanukovych. It was the vehicle for controlling Gazenergolizing, which had a monopoly to supply the country's mines with equipment.

Nikolov and Chernovol, who was a member of Ukraine's parliament from 2014 to 2019, wrote that the state-owned mine had bought replacement gear from Gazenergolizing before the collapse, but they couldn't determine if gear had been delivered or even if the order was legitimate.

Ukraine's state auditing agency published a report in 2011 that painted a bleak picture of the mine's operations. It found \$21 million worth of damaged equipment at the Bazhanov mine's headquarters, miles from the accident, and identified \$205 million in "shortcomings in accounting, gross violations of financial and budgetary discipline."

Ivanyushchenko fled after Ukraine's 2014 revolution and is under investigation by authorities in Ukraine and Switzerland for allegedly embezzling millions of dollars earmarked for energy projects. Through Swiss lawyer Vincent Solari, Ivanyushchenko denied owning or holding shares in Tornatore or Gazenergolizing.

"The alleged 'informations' on which you seem to refer are wrong," Solari said.



Credit: Associated Press Drug trafficker Brandon Hubbard, who is serving a life sentence in the United States.

'Anyone can be a trafficker'

Brandon Hubbard, the drug trafficker now in a North Dakota prison, didn't see himself as a financial crook.

"I think of money launderers as people who invest in car washes or restaurants... what Russian oligarchs do in getting their money out of Russia into American real estate," he said.

Then he became one himself. Hubbard, a former high school wrestler who

grew up in Portland, Oregon, said he was shocked when the police told him that he was charged not only with distributing deadly drugs but with financial crime, too.

"I never considered anything I did as money laundering," Hubbard said. "But, you know, I was sentenced to eight years for it."

More than 31,000 Americans died from synthetic opioids, including fentanyl, in 2018. Fentanyl and other laboratory-made drugs, some 10,000 times more potent than morphine, now kill more Americans than any other opioid. The U.S. Treasury Department says that financial crime makes it all possible.

The department last year issued an advisory to financial institutions to raise their awareness of schemes that enable the flood of opioids. Financial and court data show that fentanyl traffickers range from hardened criminals with networks of intermediaries to a Pittsburgh resident who paid via MoneyGram to have 100 grams of fentanyl delivered to an address under the name Avon Barksdale, a fictional character from the HBO series "The Wire."

"Anyone can be a trafficker now because of smartphones," said Donald Im, an assistant special agent in charge with the U.S. Drug Enforcement Administration. "If anyone can be an Uber driver, anyone can be a drug trafficker."

Traffickers use "all methods of the economy and the financial system," said Im, who worked on Operation Denial, an ongoing investigation into the trafficking of fentanyl and other drugs. Hubbard's and Anthony Gomes' convictions were the results of the operation.

A few months ago, police called Emily Spell's home with an update. They're having trouble nabbing the "main drug lord" from China, Emily remembers from the call.

"As small as this town is and as rural as this town is," she said, "for my brother to have gotten drugs that ended up coming from all over the world, it's really mind-blowing."

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How a sanctioned Russian bank wooed Washington

by Carrie Levine May 31, 2018 Click to share on Twitter (Opens in new window) Click to share on Facebook (Opens in new window) Click to share on Reddit (Opens in new window)

[Carrie Levine](#) May 31, 2018



VTB

Reading Time: 17 minutes

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[Less than two months before a 2016 presidential election marked by Russian interference, senior State Department official Daniel Fried received an invitation](#) to a private gala featuring an exclusive performance by the Bolshoi Ballet and a post-event reception.

“Clearly your last meeting with Andrey Kostin made an impression!” said the [email](#), sent by a former State Department official who now heads a trade association dedicated to business ties between the U.S. and Russia. “Please see attached a special invitation from him” for Fried and a guest to attend a VTB-sponsored gala at The John F. Kennedy Center for the Performing Arts in Washington, D.C.

Who is [Kostin](#)? The chairman of VTB, a [state-owned](#) Russian bank operating under [U.S. sanctions limiting its activities](#) since 2014. VTB’s well-connected [Washington lobbyists](#) had previously [brokered](#) a meeting between the two men to discuss the sanctions.

Fried, the State Department’s sanctions policy coordinator, declined.

“I won’t be attending,” he [replied](#) to the trade association head. “We’re not interested in advancing their corporate reputation.”

The previously unreported [invitation](#), obtained by the [Center for Public Integrity](#) via a Freedom of Information Act lawsuit, was a striking overture in a discreet image-burnishing campaign by VTB that spanned the Obama and Trump administrations.

Foreign campaigns to influence American officials are supposed to be transparent under the [Foreign Agents Registration Act](#), a law requiring detailed disclosure of foreign influence efforts. But few believe FARA —

passed in 1938 to combat Nazi propaganda — has been working well. It is riddled with exemptions. Enforcement is weak. Criminal penalties apply only to [willful violations](#). And lobbyists' filings are frequently [late](#) with few consequences, making available information less valuable to the public. For years, not many cared. But now, with accusations of foreign meddling gripping the nation's capital, FARA is drawing intense scrutiny.

VTB provides an illuminating example of what Americans learn — or don't — under FARA. The bank's hired lobbyists failed to disclose a series of June 2016 meetings with government officials on behalf of the sanctioned bank until months after U.S. law required them to. One firm, Sidley Austin, which [boasts](#) more than 2,000 lawyers worldwide, made the disclosure last year only after being contacted by the [Center for Public Integrity](#) about the meetings. And FARA administrators, citing a technical glitch, failed for three years to publicly release a document disclosing VTB had hired the U.S. Treasury Department's former general counsel to advocate on its behalf.

Such disclosure holes are "a glaring example" of "a broader pattern of noncompliance with FARA and underenforcement of FARA," said [Ben Freeman](#), director of the Foreign Influence Transparency Initiative at the Center for International Policy, a think tank, and author of a book on foreign influence.

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Carrie Levine discusses Russian lobbying on PRI's The World

VTB said its work with lobbyists is "structured in a completely transparent way." A spokeswoman for Sidley Austin said omitting the meetings was inadvertent and "promptly corrected when discovered."

Sidley Austin's advocacy team includes a former Democratic congressman from Virginia, Rick Boucher. Also on VTB's payroll: lobbyist Mike Manatos of Manatos & Manatos, who [raised](#) tens of thousands of dollars for the presidential campaign of Democratic nominee Hillary Clinton.

VTB has so far paid Sidley Austin and lobbying firm Manatos & Manatos a combined \$1.2 million since 2015 for lobbying on sanctions, according to disclosures filed with the Department of Justice. The U.S. Treasury Department nevertheless [announced](#) new sanctions against Kostin himself in April.

VTB's effort — a [reaction](#) to economic sanctions imposed on the bank by U.S. officials — coincided with escalating scrutiny of Russian attempts to influence the 2016 presidential election. The election interference in part [prompted](#) some members of Congress to propose legislation last [Halloween](#) to overhaul FARA.

The Department of Justice has [signaled](#) a [toughening approach](#) to FARA,

and in May, [trumpeted](#) a new guilty plea by an agent working for Pakistan. Congressional scrutiny of [FARA](#) has intensified. And last year, in what amounts to the highest-profile FARA prosecution in decades, Special Counsel Robert Mueller [charged](#) President Donald Trump's former campaign manager, Paul Manafort, with FARA violations in connection with Manafort's work in Ukraine.

"Individuals who avoid disclosure undermine the purpose of the law," Sen. Chuck Grassley, R-Iowa., [said](#) at a Senate Judiciary hearing last year on [FARA](#) oversight and attempts to influence U.S. elections. Rep. Mike Johnson, R-La., has [called](#) the frequency of FARA violations and lobbyists who fail to register at all one of the "worst kept secrets" in Washington.

VTB's fight begins

The United States put VTB and other Russian companies under [sanctions](#) in 2014 in response to Russia's [annexation](#) of Crimea, a peninsula claimed by Ukraine. The sanctions on Russian banks, including VTB, effectively limited access to capital and Western markets, though dealings with the bank aren't totally barred.

Crafting the sanctions proved complicated. Russia is a major world economy and there was a chance of collateral damage to non-Russian investors if they were too broad, said [Adam Smith](#), a lawyer with the firm Gibson, Dunn & Crutcher and a former official in the U.S. Treasury Department's Office of Foreign Assets Control, which deals with sanctions.

The Russian government owns a controlling interest in VTB — [61 percent of the voting shares](#). VTB has a reputation of working [closely](#) with the Kremlin, though earlier this year, in an [interview](#) with *The Independent*, a British newspaper, Kostin called that "bullshit."

"There has never been a single case when Mr. Putin called me and says 'give a loan,'" he said. "Even if he asked, I could find 100 reasons why it shouldn't be done."

Kostin, who reportedly once [dressed as Joseph Stalin](#) at a party for bank investors, has given frequent interviews in English to western media outlets about the sanctions and their impact.

"Markets for capital and borrowing are closed for me, there should be no illusions about this," Kostin told the [Wall Street Journal](#) in January 2015 for a story on the impact of the sanctions. "My only creditors now are central bank, the population and my Russian clients."

The Russian government [gave](#) VTB a \$2.6 billion bailout in late 2014 and 2015, after Western nations hit the bank with sanctions. The bank has since rebounded, recently [reporting](#) record profits.

But in April, the U.S. Treasury Department [announced](#) a new round of Russian sanctions. Included on the list: Kostin himself.

To K Street

U.S. sanctions sent VTB, like so many before it, to K Street.

Some firms avoid lobbying for sanctioned foreign companies. It's work that may draw unwanted attention and carries risk of backlash. For example, the now-defunct Podesta Group's work for another sanctioned Russian bank,

Sberbank, prompted the lobbying firm's own bank to seek to sever ties, the *Wall Street Journal* [reported](#).

Initially, public lobbying filings by the sanctioned banks' lobbyists drew some [media notice](#). Despite the [documents](#) saying the lobbyists were hired to work on sanctions, VTB issued statements [insisting](#) the objective of the lobbying "is to promote VTB Group's business interests in the United States. Our work with them is not related to sanctions."

VTB's press office, in a statement responding to questions from the Center for Public Integrity, said working with lobbyists is "a general business practice among major international companies."

"Our engagement with the lobbyists is structured in a completely transparent way" under "standard contracts that fully adhere to all the legal guidelines applicable to such agreements," the VTB statement said. "Our focus is to educate U.S. policymakers and lawmakers about VTB, its scope of business and operations. We made a conscious decision not to 'lobby' for anything and our objective is to better inform decision makers in the U.S."

"Our engagement with the lobbyists is structured in a completely transparent way."

"Our engagement with the lobbyists is structured in a completely transparent way."

VTB statement

Upon VTB engaging Manatos & Manatos, the firm listed VTB's New York City office address and [registered](#) effective April 2015 under the Lobbying Disclosure Act — a domestic lobbying disclosure regime that requires far less disclosure than [FARA](#). Manatos & Manatos said it would lobby on government actions "that affect the imposition of U.S. sanctions on Russian-

affiliated banks.”

Manatos & Manatos didn’t respond to requests for comment. “I’ll have to check and get back to you. Thank you,” Manatos said when a Center for Public Integrity reporter called, before hanging up. He did not call back or respond to subsequent emails.

The Podesta Group drew [criticism](#) for registering under the Lobbying Disclosure Act with regards to Sberbank rather than the more stringent foreign lobbying law. [Other firms representing](#) Sberbank also registered under the Lobbying Disclosure Act. Some of the [emails](#) the State Department released to the [Center for Public Integrity](#) via its Freedom of Information Act lawsuit show lobbyists representing Sberbank also requested and received meetings at the State Department.

Unlike the firms representing Sberbank, Manatos & Manatos subsequently [registered](#) under FARA on behalf of VTB in May 2016.

Sidley Austin registered under FARA from the beginning of its work with VTB. Lobbyists registering under FARA must file a series of documents within 10 days of agreeing to represent a new foreign principal, [according](#) to the law and Department of Justice regulations.

For example, [Boucher](#), who now heads the government strategies practice at Sidley Austin, and [Michael Borden](#), a government strategies partner who was previously a senior counsel to the House Financial Services Committee, properly [filed paperwork](#) in June 2015 showing they would be representing VTB.

The firm also filed a disclosure at the same time for lawyer [George Madison](#), the former general counsel of the U.S. Treasury Department. But Sidley’s filing on behalf of Madison wasn’t made public by the FARA office until April

2018, when the firm wrote to the Department of Justice to flag the mistake, according to documents Sidley Austin provided to the Center for Public Integrity. Department of Justice spokesman Ian Prior said that because of a technical error with the department's filing system, the form "never reached the FARA Unit for processing" and the situation "has been remedied."

[FARA by the numbers](#)

There was a healthy uptick of Foreign Agents Registration Act filings during the second half of 2017, when the Department of Justice's FARA unit recorded 61 new registrants signing up for the first time to lobby for foreign clients. This compares to 41 new registrants during the first half of 2017. Registrants represented a total of 612 "foreign principals" — such as governments and political parties — during the second half of 2017, compared to 564 during the first half.

The biggest increase came in the number of individual lobbyists registering to work on behalf of foreign principals. That number jumped from 270 during the first half of 2017 to 443 during the second half of the year.

—*Carrie Levine*

Sidley Austin was also required to file [documents](#) disclosing a copy of its agreement with VTB within 10 days, according to the [FARA statute](#) and [Department of Justice regulations](#). But it did so in [October](#) 2015, months later. The [contract](#) was signed by Kostin.

The [Center for Public Integrity](#) asked why Sidley Austin did not make that filing within 10 days, as it did the filings listing the individual lobbyists. Sidley Austin spokeswoman Kellie Mullins said the filing with the engagement letter attached was "timely under Department of Justice rules." Asked to cite the specific rule she was referring to, Mullins said the firm believes the filing

"was appropriate, and it was done without any objection by the Department of Justice."

Federal law also requires lobbyists for foreign clients to report all activities [broadly defined](#) as "political activities," a mandate that often results in detailed contact logs chronicling emails, phone calls and meetings. Sidley Austin initially disclosed no such political activity on the bank's behalf in reports covering the period through Sept. 30, 2016. It told the Department of Justice that it only provided legal advice to VTB.

But there [had been](#) political activity.

A flurry of it.

'Manatos may regret having set up by the time I'm through with VTB.'

Documents obtained by the Center for Public Integrity paint a detailed picture of VTB's charm offensive — starring Kostin, the bank's chairman — that played out in bursts when he personally traveled to Washington.

In June 2016, Manatos [emailed](#) Fried — the State Department veteran and sanctions policy coordinator — about meeting with Kostin that month.

"Good to be interacting with you again, after so many years, in your new capacity," Manatos wrote, before requesting a meeting "to introduce to you the President and Chairman of VTB Bank, Andrey Kostin."

Manatos continued: "He is happy to answer any questions you might have about VTB, including the state's role in its operations, the efficacy of the sanctions on VTB, and VTB's record in Ukraine. Simply, he would like to begin a constructive dialogue so that when sanctions are eventually lifted, VTB can become a trusted institution in the United States. I think you will find him interesting and engaging. His insights and perspectives might be

unexpected."

Fried immediately forwarded the request to colleagues at the State Department who worked on Russia. After some back and forth, he [offered the meeting, writing colleagues](#), "Manatos may regret having set up by the time I'm through with VTB."

Former Assistant Secretary Daniel Fried (State Department)

Fried has since left the State Department, and is now a distinguished fellow with the [Atlantic Council](#), a think tank that specializes in international affairs.

"I was sort of the bad guy and they were interested in sizing up the adversary, I suppose," Fried said of the meeting during a recent interview with the [Center for Public Integrity](#).

Fried said he told Kostin and the lobbyists accompanying him — Manatos and Sidley Austin's Borden — that the sanctions would stay in place until the Ukraine situation was resolved in accordance with what is known as the Minsk accords, a negotiated roadmap for resolving the conflict.

"We can't move the goalposts," Fried said.

"I was perfectly civil with Kostin, but I was going to tell him what I think he was and why. He has a perfect right to know. He may be reporting back to the Kremlin. I assume he was, but good for them to hear directly from the United States," he added.

Kostin [and Paul Swigart](#), the head of VTB's U.S. operations, also met with staff members of the House Foreign Affairs Committee.

A Democratic congressional aide to the House Foreign Affairs Committee, who wasn't authorized to speak on the record about the meeting, said, "It's safe to say that was not a meeting that ended on a friendly note."

Nonetheless, Kostin and his lobbyists also scored [meetings](#) with Rep. Eliot Engel of New York, a Democrat who is the ranking member of the committee, and Rep. [Jeb Hensarling](#) of Texas, the Republican chairman of the House Financial Services Committee.

According to the aide, Engel was unimpressed. Engel subsequently [sponsored](#) legislation calling for stiffer sanctions on Russia. Hensarling's office did not respond to requests for comment.

Manatos & Manatos filed [disclosures](#) with the Department of Justice covering June 2016 to November 2016 and replied "no" to a question asking whether the firm had engaged in political activity. The firm did disclose it had "[helped](#) arrange for meetings with select U.S. policymakers." It didn't identify them.

But in June 2017, six months after the initial disclosure was filed, Manatos & Manatos moved to correct the record. The firm filed a [new report](#) disclosing all the contacts and meetings constituting political activity, providing copies

of emails and thank you notes from Kostin.

Sidley Austin, for its part, amended its report in [August 2017](#) to disclose its “political activity” in June 2016.

“The following should be added,” the firm wrote, adding that Borden had actually met with “staff members from the Senate Foreign Relations Committee, the House Foreign Affairs Committee, State Department Coordinator for Sanctions Policy Dan Fried, Rep. Eliot Engel and Rep. Jeb Hensarling to discuss the impact of U.S. sanctions on Russia institutions.”

Sidley Austin’s Mullins confirmed the amended report was prompted by a call from the Center for Public Integrity last summer.

Mullins said the retroactive filing was one of “two minor oversights” in the firm’s FARA filings. The other: the firm said it would also amend its disclosures, in response to questions from the Center for Public Integrity, to reflect a \$2,700 campaign contribution Madison made in 2016 to Clinton. Lobbyists are required to publicly disclose campaign contributions on FARA filings.

Candidates Donald Trump and Hillary Clinton at campaign events ahead of the 2016 election (AP).

'A reasonable supposition'

By September 2016, Russian interference was a major issue in the presidential election.

At the same time, VTB was [preparing to host](#) the October gala at the Kennedy Center in Washington, D.C., "on the margins" of World Bank and International Monetary Fund meetings in the city.

And Daniel Russell, the former State Department official who now heads the U.S.-Russia Business Council, which includes VTB among its members, was wooing Fried to the gala.

Fried said he's known Russell for years, but there was no chance he was going to accept the invite.

He called it a "reasonable supposition" to assume he was on the guest list

because of his official position. “I was not interested. Like, seriously?” Fried said.

Fried said that sort of approach is designed to find officials who “looked like they could be courted or flattered or something. I don’t believe anyone in the U.S. government is susceptible to that kind of thing, but the Russians were going to keep pushing.”

Fried wasn’t the only invitee. At least one other State Department official received an [invitation](#).

The U.S.-Russia Business Council is registered to [lobby](#) on its own behalf, regarding sanctions, under laws governing domestic lobbyists, not FARA.

[FARA](#) — for all its exemptions and loopholes — contains extremely broad triggers, the law firm Covington & Burling [wrote](#) in a client advisory.

The Center for Public Integrity asked Russell whether the U.S.-Russia Business Council had sought legal advice regarding any obligation to register under FARA in connection with the invitations, since they involved contacting government officials at Kostin’s request.

Russell did not specifically address the question of legal advice. But in an emailed response, he stressed the trade association’s long history of supporting educational and cultural events in Russia and the U.S.

“The performance was sponsored by VTB, which made available invitations for the U.S.-Russia Business Council,” he said. “The Council forwarded invitations to private and public sector individuals of its choice; the cover message for the invitations stated that VTB was the sponsor and that RSVPs should be directed to VTB directly.”

Russell also said the trade association “conducts policy advocacy activities

solely on behalf of U.S. companies.”

Russell did not respond to follow-up questions about the emails and VTB did not directly respond to a question from the Center for Public Integrity asking whether Russell and the trade association extended the gala invitations to Fried and others at Kostin’s request.

The bank did say it would “be delighted” to continue hosting the events at the Kennedy Center, which it described as “popular among the American audience.”

“However, since the U.S. has recently imposed sanctions against Mr Kostin, we doubt this would be feasible any longer,” the VTB statement said.

The event was a showcase for the sanctioned bank. Kostin spoke, and VTB’s logo was [projected](#) onto the curtain of the highest-profile theater venue in the nation’s capital.

[Among the guests](#) who eventually turned up for the 2016 gala and reception: [Alex Ovechkin](#), the Washington Capitals hockey star from Russia whose [relationship](#) with the Kremlin has drawn attention.

An Instagram post by Alex Ovechkin, the Washington Capitals hockey star, from the VTB gala at the Kennedy Center in Washington, D.C.

Fried said he doesn’t believe anyone from the State Department would have seriously considered attending. A brief [report](#) in Politico said congressional aides were there, but didn’t name them.

[Michael Carpenter](#), a former U.S. National Security Council director for Russia who has also worked in the White House, the Pentagon and the State Department, said he met with companies regarding sanctions while a government official, but such “soft lobbying” on behalf of Russian interests

"makes me nauseous."

"If I did receive an invitation like that I would have never gone," Carpenter, who is now senior director of the Penn Biden Center for Diplomacy and Global Engagement, said of the gala.

The invitations to American officials on behalf of VTB show the weakness of the law governing foreign lobbyists, he said.

Under FARA, "the information is poorly disseminated and the enforcement of failure to register or failure to disclose is very lax," Carpenter said.

Indeed, a 2016 [audit](#) of enforcement and administration of FARA by the U.S. Department of Justice's Office of the Inspector General found high percentages of late disclosure filings. Officials with the Department of Justice's National Security Division, who are responsible for enforcing the law, need to improve "controls and oversight of FARA registrations" and better enforce "the complete and timely submission of required documentation," the auditors wrote.

The Department of Justice did not make someone available for an interview about FARA enforcement for this story. But in testimony before the Senate Judiciary Committee in July 2017, Department of Justice Deputy Assistant Attorney General Adam Hickey [said](#) "the high burden of proving willfulness, difficulties in proving 'direction or control' by a foreign principal, and exemptions available under the statute make criminal prosecution for FARA violations challenging."

'There are no changes on the horizon for our sanctions policy'

In early October 2016, Kostin was back in town, hosting the Bolshoi gala — and meeting officials at the State Department.

This time, the requests came from Sidley Austin's Borden, who had [emailed the](#) State Department officials in September and October to set up meetings for Kostin.

Borden's [emails](#) used language echoing Manatos' request from the spring. "I think that Mr. Keller will find him really interesting and engaging," Borden [wrote](#), requesting a meeting with Andrew Keller, then deputy assistant secretary in the Bureau of Economic and Business Affairs at the State Department, whose job included dealing with economic sanctions.

[State Department talking points](#) prepared for Sandra Oudkirk, the director of the office of sanctions policy and implementation at the State Department — labeled "sensitive but unclassified" — once again stress the need for implementation of the Minsk agreements. "There are no changes on the horizon for our sanctions policy," read the talking points, which were created for a meeting with Kostin, possibly the [meeting](#) that [took place](#) on Oct. 6, 2016.

Later in October, Kostin was back in Russia, sitting on a [stage](#) next to Russian President Vladimir Putin.

The occasion was an [annual investment forum hosted by VTB](#). Putin, the keynote speaker, also [took questions](#) from the crowd, with Kostin moderating. After Putin took a question on the role of state-controlled banks in Russia, Kostin had something to add, after a quick exchange with Putin.

"May I add a few words?" Kostin asked, according to a [transcript](#) of the event translated into English and posted on the Kremlin's website.

"Of course," Putin answered. "You are the boss."

"No," Kostin responded. "You are the boss, Mr. President."

Kostin called the issue of Russian bank ownership “very important for us because the Western press ... keeps making the claim that a state bank is a bank chaired by the Kremlin or even you personally. As if you call up and give instructions. No matter how many times I tell them this is not right.”

They moved to the next question — which, as it turns out, was from Boucher, the Sidley Austin lobbyist.



Identifying himself as a former congressman and a partner at Sidley Austin, Boucher stood up in the front row and addressed Putin.

“I’m concerned about the apparently deteriorating quality of the relationship between the United States and Russia,” Boucher began, calling it a “leading issue in our presidential campaign.”

He went on to ask about the Minsk accords, the agreement mentioned in Oudkirk’s talking points for the recent State Department meeting.

“What barriers do you see to the implementation of the Minsk Accords and when do you think the Minsk Accords will be fully implemented?” Boucher asked.

“We are not the ones who are sabotaging the Minsk Agreements,” Putin said, pointing to actions others, such as Ukrainian officials, would have to take. In addition, Putin said, the Obama administration was “very difficult to hold dialogue with.”

“And now I will answer the main question. What should be done to normalise the situation?” he said. “The parties should acts as partners and take into account each other’s interests. We are ready for this.”

More sanctions, more lobbying

After the election, as reporters and investigators increasingly focused on any interaction between Trump and Russia, the *New York Times* [reported](#) that in a 2015 email, Trump associate Felix Sater said Kostin and VTB had agreed to finance a Trump project in Moscow. The project was never built.

In October 2017, Kostin [told](#) the New York Times that the bank had no dealings with Sater and had never agreed to finance the project, calling it “wrong information” and “fake news.”

Around the same time, FARA filings and State Department emails released to the Center for Public Integrity show Kostin, Swigart, Boucher, Borden, Madison and Manatos had [another meeting](#) at the State Department, again with Oudkirk.

Then, in April, the Treasury Department [released](#) new sanctions on a list of Russian officials in response to Russian government actions in Ukraine and Syria, as well as “attempting to subvert Western democracies, and malicious cyber activities.”

“Russian oligarchs and elites who profit from this corrupt system will no longer be insulated from the consequences of their government’s destabilizing activities,” U.S. Treasury Secretary Steven T. Mnuchin [said](#) in announcing the new sanctions.

Kostin’s name was on the list.

“Russian oligarchs and elites who profit from this corrupt system will no longer be insulated from the consequences of their government’s destabilizing activities.”

U.S. Treasury Secretary Steven T. Mnuchinnone

The sanctions against him mean no American can engage in financial dealings with him or provide services to him, lawyers with expertise in sanctions said.

U.S. lobbyists may continue to represent the bank, though not under Kostin's direction.

"VTB Group continues to work with the lobbyists solely to meet our business objectives in the region," VTB's statement to the Center for Public Integrity said.

"If Kostin is going to be on conference calls and providing input with discussions between members of VTB bank and the U.S. lobbying firm, that's prohibited," says [Erich Ferrari](#), a lawyer specializing in sanctions.

Sidley Austin's Mullins said the firm "immediately took steps to comply with its legal obligations once Mr. Kostin was added to the sanctions list." Manatos did not respond to a query about that firm's response to the new sanctions against Kostin.

As for Kostin himself, in an [interview](#) with CNN Money shortly after the sanctions were announced, he said he is "punished because American administration consider that the Russian government conducting the wrong policy and that's very unfortunate."

Asked whether there was a chance other countries would also target him, Kostin said he isn't doing anything wrong.

"It's not up to me," he said, "to influence this process."

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[Russia's VTB Bribe Claim May Set Back Kremlin Bank's Africa Ambitions](#)

Senior bank executive accused of taking \$2 million in kickbacks.

By [Jake Rudnitsky](#), [Henry Meyer](#), and [Patricia Hurtado for Bloomberg](#)

Nov. 8, 2019





Kremlin-controlled VTB Bank has been a leading force in President Vladimir Putin's push into Africa. novostivolograda.ru

Bribe allegations leveled in court against a VTB Group executive may complicate the Russian state-owned bank's attempts to recoup a \$535 million loan that's part of a major debt scandal in Mozambique.

A New York court heard testimony last month that the VTB executive in charge of the deal, Makram Abboud, took \$2 million in kickbacks. The bank denies the allegations, made by a former Credit Suisse banker at a criminal trial in which VTB isn't a party, and its employee hasn't been charged with any wrongdoing.

Still, the accusation risks dragging VTB deeper into the controversy, which has already landed the son of Mozambique's former president in jail. At issue are more than \$2 billion in loans arranged by Credit Suisse and VTB in 2013 and 2014 that were concealed from the International Monetary Fund, which cut off all non-emergency lending to the impoverished African country when it learned of them in 2016.

Though the Mozambican government hasn't given any indication it will take a harder line in restructuring talks with VTB after the latest allegations, legal experts said they could give the country grounds to challenge VTB's claims.

'Smoking Gun'

The assertions of bribery made in court may be "the smoking gun that means Mozambique could go after VTB," said Matthias Goldmann, a research fellow at the Max Planck Institute for Comparative Public Law and International Law in Heidelberg, Germany.

VTB rejected the allegations, saying an internal investigation found no evidence of wrongdoing or any improper payments to Abboud or any other employee and "was surprised to hear the claim in U.S. federal court by a convicted fraudster," according to its press office. The bank said it has been cooperating with international investigations for more than two years. Abboud didn't respond to an emailed request for comment; VTB said he referred it to the bank's press office.

U.S. prosecutors allege the loans were part of a scheme to siphon off money intended to finance dubious maritime projects, including a tuna-fishing fleet.

Andrew Pearse, a former Credit Suisse banker who pleaded guilty to wire fraud and admitted to taking \$45 million in kickbacks while helping arrange the loans, said in a New York courtroom Oct. 16 that Abboud pocketed \$2 million.

Pearse alleged the bribes came from Privinvest Group, an Abu Dhabi-based shipbuilder that was the sole contractor for the projects funded by the loans. He was the U.S. government's first witness in the trial of Jean Boustani, a salesman for the firm who's accused of defrauding U.S. investors in the deals. He said Boustani told him in 2015 that Privinvest paid Abboud a bribe that was half of the amount a Credit Suisse employee received "for doing twice as much work."

'Cost of Doing Business'

Michael Schachter, a lawyer for Boustani, did not dispute that Boustani made payments to officials in Mozambique, saying in his Oct. 16 opening statement it was the "cost of doing business" in the country. He said his client was not guilty of defrauding investors or violating U.S. laws.

Prinvest denies making any payment to Abboud or any wrongdoing in regards to the Mozambique projects, a spokesman for the firm said by email. Boustani remains an employee, the company said.

At least \$200 million of the loans went to pay bribes and kickbacks for former Credit Suisse employees, Mozambican officials and others, according to the U.S. indictment. Credit Suisse has said its own staff deceived it and isn't named as a defendant in the U.S. case.

Abboud, who has run VTB Capital's Middle Eastern and African business since 2011, first delivered the project through his "personal connection" to Prinvest's chief executive officer, French-Lebanese billionaire Iskandar Safa, according to an internal VTB memo that was submitted by the defense on Oct. 29. Safa did not meet Abboud until after the deal had been completed, a Prinvest spokesman said.

Africa Push

Kremlin-controlled VTB is helping lead President Vladimir Putin's charge to expand in Africa. The bank made the continent one of its priority international markets after it was forced to scale back its European business in the face of sanctions imposed after Russia annexed Crimea from Ukraine in 2014.

In September, VTB CEO Andrey Kostin, a close Putin ally, threatened to declare Mozambique in default unless a deal was reached by year-end. But a month later, the bank softened its stance after Kostin met with Mozambican President Filipe Nyusi on the sidelines of a Russia-Africa summit in the Black Sea city of Sochi.

news

[At Russia's Inaugural Africa Summit, Moscow Sells Sovereignty](#)

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While both banks arranged the credits, Mozambique has gone to court to fight repayment only of Credit Suisse's part of the loans, seeking to invalidate its government guarantee because former employees of the Swiss bank have confessed to taking bribes on the deal. For VTB's share, the government has been negotiating new repayment terms. Another part of the debt was converted to Eurobonds, which were restructured in October.

The country's Finance Ministry said in an August memo sent to bondholders that it was assessing whether to honor the state guarantee for VTB given the ongoing criminal cases. The ministry did not respond to a request for comment for this article.

Overcharging Alleged

An audit commissioned by Mozambique's prosecutor from investigators at Kroll alleged Prinvest overcharged by \$713 million on the projects, while another \$500 million was unaccounted for. Prinvest rejects the report's findings, its spokesman said.

The corruption allegations have led Mozambique to sue Safa and Credit Suisse in London, seeking to share responsibility for repaying the Eurobonds. Safa doesn't accept the English court's jurisdiction over him, according to the Prinvest spokesman. Credit Suisse spokesman Will Bowen declined to comment.

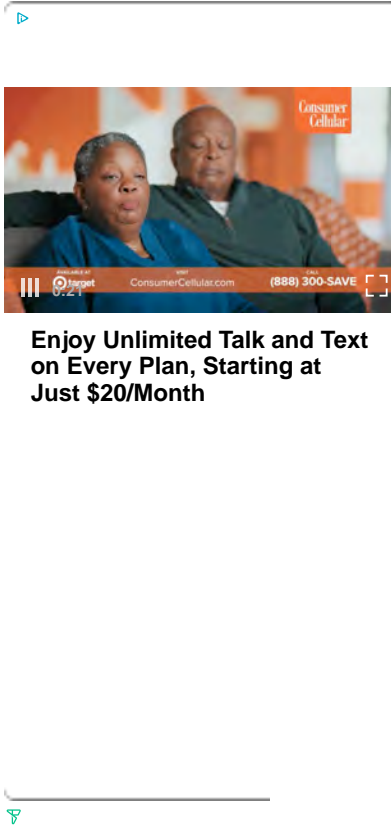
The investigation has also ensnared several high-profile Mozambican businessmen, including Ndambi Guebuza, son of former President Armando Guebuza, who has been jailed since February in connection with the scandal. He's fighting the charges.

The latest bribery allegations emerging in court could strengthen Mozambique's hand in its negotiations with VTB, according to Mitu Gulati, a law professor at Duke University in Durham, North Carolina.

"They have a good case," Gulati said. "Unfortunately, the government seems eager to pay off the debt rather than investigate or contest it."

Read more about: [VTB](#) , [Africa](#)





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Credit Suisse to Pay Nearly \$475 Million to U.S. and U.K. Authorities to Resolve Charges in Connection with Mozambican Bond Offerings

VTB Capital Also Agrees to Settlement with SEC for Role in Misleading Investors

Credit Suisse Group AG has agreed to pay nearly \$475 million to U.S. and U.K. authorities, including nearly \$100 million to the Securities and Exchange Commission, for fraudulently misleading investors and violating the Foreign Corrupt Practices Act (FCPA) in a scheme involving two bond offerings and a syndicated loan that raised funds on behalf of state-owned entities in Mozambique.

According to the SEC's order, these transactions that raised over \$1 billion were used to perpetrate a hidden debt scheme, pay kickbacks to now-indicted former Credit Suisse investment bankers along with their intermediaries, and bribe corrupt Mozambique government officials. The SEC's order finds that the offering materials created and distributed to investors by Credit Suisse hid the underlying corruption and falsely disclosed that the proceeds would help develop Mozambique's tuna fishing industry. Credit Suisse failed to disclose the full extent and nature of Mozambique's indebtedness and the risk of default arising from these transactions.

The SEC's order also finds that the scheme resulted from Credit Suisse's deficient internal accounting controls, which failed to properly address

significant and known risks concerning bribery.

"When it comes to cross-border securities law violations, the SEC will continue to work collaboratively with overseas law enforcement and regulatory agencies to fulfill its Enforcement mission," said Gurbir S. Grewal, Director of the SEC's Division of Enforcement. "Our action against Credit Suisse today is yet another example of our close and successful coordination with counterparts in Europe and Asia."

"Credit Suisse provided investors with incomplete and misleading disclosures despite being uniquely positioned to understand the full extent of Mozambique's mounting debt and serious risk of default based on its prior lending arrangements," said Anita B. Bandy, Associate Director of the SEC's Division of Enforcement. "The massive offering fraud was also a consequence of the bank's significant lapses in internal accounting controls and repeated failure to respond to corruption risks."

A London-based subsidiary of Russian bank VTB separately agreed to pay more than \$6 million to settle SEC charges related to its role in misleading investors in a second 2016 bond offering. According to the SEC's order, the second offering as structured by VTB Capital and Credit Suisse allowed investors to exchange their notes in an earlier bond offering for new sovereign bonds issued directly by the government of Mozambique. But the SEC found that the offering materials distributed and marketed by Credit Suisse and VTB Capital failed to disclose the true nature of Mozambique's debt and the high risk of default on the bonds. The offering materials further failed to disclose Credit Suisse's discovery that significant funds from the earlier offering had been diverted away from the intended use of proceeds that was disclosed to investors. Mozambique later defaulted on the financings after the full extent of "secret debt" was revealed.

The SEC's order against Credit Suisse finds that it violated antifraud provisions as well as internal accounting controls and books and records provisions of the federal securities laws. Credit Suisse agreed to pay disgorgement and interest totaling more than \$34 million and a penalty of \$65 million to the SEC. As part of coordinated resolutions, the U.S. Department of Justice imposed a \$247 million criminal fine, with Credit Suisse paying, after crediting, \$175 million, and Credit Suisse also agreed to pay over \$200 million in a penalty as part of a settled action with the United Kingdom's Financial Conduct Authority.

VTB Capital consented to an SEC order finding that it violated negligence-based antifraud provisions of the federal securities laws. Without admitting or denying the findings, VTB Capital agreed to pay over \$2.4 million in disgorgement and interest along with a \$4 million penalty.

The SEC's investigation was conducted by Lesley B. Atkins and Douglas C. McAllister with assistance from Wendy Kong of the Office of Investigative and Market Analytics, Carlos Costa-Rodriguez of the Office of International Affairs, and supervisory trial counsel Tom Bednar. The case was supervised by Ms. Bandy. The SEC appreciates the assistance of the U.S. Department of Justice's Money Laundering and Asset Recovery Section and Fraud Section, the U.S. Attorney's Office for the Eastern District of New York, the United Kingdom's Financial Conduct Authority, the Swiss Financial Market Supervisory Authority, and the United Arab Emirates Securities and Commodities Authority.

Russia's banks turn from global ambitions to survival

Moscow bankers caught out by speed of hit from western sanctions

March 8 2022



© FT montage/Bloomberg/Dreamstime

In the run-up to Russia's invasion of Crimea in 2014, VTB Bank, the country's second-biggest lender, dedicated an entire floor at its Imperia Tower headquarters in central Moscow to financing the country's war machine.

Given the sensitive nature of the operation, foreigners were forbidden

access to the floor, according to former employees of the bank. The ban even extended to the foreign executive supposedly overseeing the business unit.

"There was always a great deal of mystery about what went on in that department, but everyone knew it was funding Russia's military-industrial complex," said a former senior VTB executive whose lift pass denied him access to the floor.

In 2018, the Kremlin [transferred defence lending](#) to a smaller bank in an attempt to protect VTB — as well as the country's biggest lender Sberbank, which also financed the military — from sanctions.

But Russian president Vladimir Putin's full-scale invasion of Ukraine has meant that both VTB and Sberbank have now become targeted in a western campaign aimed at choking the country's financial system.

Sanctions — which have frozen VTB's assets and will kick the group off the global Swift payments system, while Sberbank has been blocked from using the dollar — have already started to bite. Sberbank has been [forced to pull out](#) of central and eastern Europe, and VTB is making plans [to wind down](#) its European operations.

German authorities are monitoring VTB's Frankfurt operations closely, according to people familiar with the matter, aware that a disorderly departure could cost the country's deposit insurance scheme billions of euros.

The two state-backed lenders had close to 1mn retail customers across Europe, while also managing accounts for local governments and hundreds of businesses. Their pullback from Europe, already under way before this year's sanctions, marks the end of a two-decade strategy among Russian

banks to expand internationally.

But it is at home, where the two lenders account for nearly half of the banking market, that sanctions will hit harder. Executives within both banks fear that spooked customers will rush to withdraw savings and worry that restrictions on dollar funding will mean that thousands of corporate customers could be deprived of hard currency.



People queue at a Sberbank branch in Moscow on February 25 © Vladimir Gerdo/TASS/Getty

Just two months ago, Sberbank was Europe's second most valuable bank by market capitalisation behind HSBC, while it remains the continent's second-biggest by number of customers, with 102mn compared with Santander's

148mn. Last year it made a record \$16.6bn of net income based on end-of-year exchange rates.

"There is no banking system in Russia without Sberbank," said Ilan Stermer, director of banks research at Renaissance Capital.

Sberbank, which traces its roots back to a decree in 1841 from Emperor Nicholas I, was reorganised as a joint-stock company in 1991 following the collapse of the Soviet Union. The bank retained close ties with the Kremlin and throughout the 1990s was the only Russian bank to benefit from a government guarantee on deposits.

Its network of 17,000 green-liveried branches meant it was often the only lender available to rural communities across Russia's vast hinterland.

Sberbank's nationwide presence and security encouraged Russians to flock to open accounts in the 1990s, even though the interest rates it offered sometimes struggled to keep up with the country's rampant inflation. It also became the principal bank for Russians to stash away retirement savings.

"It's important not only because it keeps the bulk of household savings, but Sberbank is very often the only bank able to provide big lines of credit to big corporations because of its size and capital — no other bank can take the same risk," said Sergey Aleksashenko, former deputy governor of the Russian central bank. "Sberbank being under sanctions creates big problems for Russian corporates getting credit."

In 2020, Russia's [central bank sold](#) its 50 per cent plus one share stake in Sberbank to the country's finance ministry as part of a wide plan to raise state revenues to pay for Putin's promise to raise living standards.

The move also strengthened the finance ministry's oversight of Sberbank

and its powerful chief executive, Herman Gref, who has known Putin since the 1990s.

Gref had been widely praised for adopting western-style governance and technological change at Sberbank, which was seen as a corrupt dinosaur when he left the cabinet to take it over in 2007.

More recently, Gref has overseen a digital transformation, aiming to turn the lender into ["Russia's Amazon"](#). Of the bank's 102mn customers, 27mn use its banking app daily.

But Gref's tech ambitions set him on a collision course with state officials, who wanted the bank to focus on paying dividends to fund Putin's spending promises.

"For him, [sanctions are] a personal tragedy," said a former Sberbank director. "He has been running the bank for 15 years and achieved a lot, making it a tech leader and improving its profitability. Now what he has built will be pretty much destroyed."

"Sberbank has a big problem, but it will not die," said Aleksashenko, the ex-central banker.



Sberbank's chief executive Herman Gref, pictured, has known Russian president Vladimir Putin since the 1990s © Chris J Ratcliffe/Bloomberg

While Sberbank has traditionally been Russia's retail bank, VTB, which is 92 per cent owned by the government, has acted as the state's investment banking arm. Launched in St Petersburg in 1990, VTB's initial role was to finance Russia's post-Soviet domestic economy and connect it to international markets.

"It was the rubbish bin for everything that didn't work in corporate Russia," said a person with close links to the bank. "The government relied on it to take over all these businesses, turn them around and return them to the market."

VTB also developed a retail bank and in the early 2000s set about acquiring more in Europe, setting up investment banking operations in international financial centres and emerging markets.

Putin set out to build VTB into Russia's answer to Deutsche Bank after Josef Ackermann, the German bank's then chief executive, [told the Russian leader](#) in 2007 that his country would not be considered a "great nation" until it had a prestigious investment bank.

"VTB's real job was to try to attract capital to Russia, help Russian companies raise money on the international markets and help the government raise money for its sovereign bonds," said a former VTB executive. "It was the pipe between Russia onshore and overseas."

The global expansion has not been without controversy. VTB's Mozambique business became embroiled in the country's \$2bn [tuna bonds scandal](#), while the bank and its executives have been hit by a stream of sanctions since Russia's annexation of Crimea.

Recommended



VTB was once forced to apologise after its chief executive, Andrei Kostin, described Boris Johnson, who was UK foreign secretary at the time, as a "jerk".

Kostin, who has been placed under EU and US sanctions, is a former diplomat with no formal banking training. His \$56mn superyacht, Sea Rhapsody, is currently located in the Seychelles, according to yacht data company VesselsValue.

Kostin's deputy, Denis Bortnikov, was added to the US sanctions list last month. Bortnikov's father, Alexander, is head of Russia's FSB spy service.

The Russian central bank's [initial response](#) to the tumbling rouble — doubling interest rates to 20 per cent — will cause longer-term pain for its banks because customers will be less inclined to borrow.

But bankers at Sberbank and VTB are confident that the central bank will step in to ease a liquidity crunch should customers rush to withdraw their savings.



Russia's central bank doubled the key interest rate to 20% © Andrey Rudakov/Bloomberg

Bankers are also hopeful that the government will help prop up their plunging share prices. Sberbank's Moscow-listed shares fell more than half in the days following Russia's invasion of Ukraine and are expected to fall

further when markets eventually reopen and western investors sell up.

The government "will interfere in the markets, they will buy up public equities and if bank capital comes under pressure, they will recapitalise them", said the former Sberbank director. "But one thing they cannot do is keep the dollars flowing. Pretty soon that will be a major challenge."

Although Sberbank and VTB are listed in Moscow, they are also traded in London through global depositary receipts, which allow cross-border investment.

Sberbank's London listing crashed from \$15 to just \$0.01 in the days leading up to Russia's invasion. The London stock exchange has since [suspended trading](#) in both banks' GDRs.

Neither bank responded to requests for comment.

As with Sberbank, VTB is too critical to Russia's economy for the central bank to allow it to fail, said Renaissance Capital's Stermer. But the sanctions will halt its global ambitions.

"If it cannot do work with the west, it will have to refocus on the domestic side," Stermer added. "Maybe it shifts its focus towards Asia, to the extent that its international trade is not completely cut off."

During VTB's global expansion in the 2000s, the bank chose a prominent City of London office at 14 Cornhill, just next to the Royal Exchange and Mansion House. The location enabled VTB to fly a huge Russian flag over the Bank of England, in a defiant gesture of financial expansion.

VTB's London office peaked at more than 500 bankers, with executives poaching staff from rivals in an attempt to make the bank a big player in the City.

But having signed a 20-year lease in 2008 on the building that had once served as the headquarters for Lloyds Bank, VTB has been subletting floors in recent years as staff have been let go or transferred to Frankfurt. Last month the LSE suspended its membership, effectively blocking it from trading on the market.

On Monday afternoon, the flagpoles jutting out from the top of 14 Cornhill were bare.

Treasury Sanctions Russia-based Bank Attempting to Circumvent U.S. Sanctions on Venezuela

March 11, 2019

Washington – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated Evrofinance Mosnarbank, a Moscow-based bank that is jointly owned by Russian and Venezuelan state-owned companies. As the Treasury has continued to escalate the use of sanctions against the illegitimate regime of former President Nicolas Maduro, the net assets of Evrofinance Mosnarbank (Evrofinance) bank grew over 50 percent during 2018. Today's action, taken pursuant to Executive Order (E.O.) 13850, targets a foreign financial institution that has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, Petroleos de Venezuela S.A. (PdVSA), which is itself an entity that has long been a vehicle for corruption, embezzlement, and money laundering by Maduro and his cronies. PdVSA, which was designated for operating in the oil sector of Venezuela on January 28, 2019, is a Venezuelan state-owned oil company.

"The illegitimate Maduro regime has profited off of the suffering of the Venezuelan people," said Treasury Secretary Steven T. Mnuchin. "This action demonstrates that the United States will take action against foreign financial institutions that sustain the illegitimate Maduro regime and contribute to the economic collapse and humanitarian crisis plaguing the people of Venezuela."

Evrofinance Mosnarbank, a Lifeline for the Illegitimate

Regime

As the United States and over 50 countries have recognized Venezuelan Interim President and President of the Venezuelan National Assembly, Juan Guaidó, Maduro is increasingly isolated and desperate for lifelines from Russia. Russia has been a long-time ally of Venezuela, dating back to Maduro's predecessor, Hugo Chavez (Chavez). In 2011, Chavez bought a 49 percent stake in Evrofinance through the Venezuelan National Development Fund, or *Fondo De Desarrollo Nacional Fonden SA*, most commonly known as FONDEN. At the time of incorporation, Russia's Gazprombank, in which the majority Russian state-owned gas producer Gazprom is a shareholder, and Russian state bank, VTB Bank, which is Russia's second largest bank, each owned a 25 percent stake in Evrofinance. Evrofinance was founded as a bi-national bank to fund joint Russia-Venezuela oil and infrastructure projects. Gazprombank was added to OFAC's Sectoral Sanctions Identifications (SSI) List on July 16, 2014, and VTB Bank was added to the SSI List on July 29, 2014.

While Venezuela is in the midst of a historic economic and humanitarian collapse caused by extreme corruption and mismanagement, and major U.S. and European-based financial institutions have cut off ties with the illegitimate Maduro regime because of the significant risks inherent in dealing with Venezuela, Evrofinance assets have soared and the bank continues to maintain its significant relationship with the illegitimate regime.

When the failed Venezuelan cryptocurrency, called the Petro, launched in 2018, Evrofinance emerged as the primary international financial institution willing to finance the Petro. Early investors in the Petro were invited to buy the cryptocurrency by wiring funds to a Venezuelan government account at Evrofinance. Evrofinance's involvement in the Petro demonstrated Maduro's hope that the Petro would allow Venezuela to circumvent U.S. financial

sanctions.

For information about the methods that Venezuelan senior political figures, their associates, and front persons use to move and hide corrupt proceeds, including how they try to exploit the U.S. financial system and real estate market, please refer to FinCEN's advisories [FIN-2017-A006](#), "Advisory on Widespread Public Corruption in Venezuela," and [FIN-2017-A003](#), "Advisory to Financial Institutions and Real Estate Firms and Professionals."

As a result of today's [action](#), all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by this entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

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U.S. Treasury Announces Unprecedented & Expansive Sanctions Against Russia, Imposing Swift and Severe Economic Costs

February 24, 2022

United States Acts in Tandem with Partners and Allies to Maximize Consequences for Russia, and in Show of Unity Against Invasion of a Sovereign State

Top Ten Russian Financial Institutions Now Under U.S. Restrictions; U.S. Ready to Impose Additional Major Costs

WASHINGTON – The United States took significant and unprecedented action to respond to Russia’s further invasion of Ukraine by imposing severe economic costs that will have both immediate and long-term effects on the Russian economy and financial system. The U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) today imposed expansive economic measures, in partnership with allies and partners, that target the core infrastructure of the Russian financial system — including all of Russia’s largest financial institutions and the ability of state-owned and private entities to raise capital — and further bars Russia from the global financial system. The actions also target nearly 80 percent of all banking assets in Russia and will have a deep and long-lasting effect on the Russian economy and financial system.

Building off of President Biden’s initial sanctions announcement this week, today Treasury is taking action against Russia’s top financial institutions,

including sanctioning by far Russia's two largest banks and almost 90 financial institution subsidiaries around the world. Treasury is also sanctioning additional Russian elites and their family members and imposing additional new prohibitions related to new debt and equity of major Russian state-owned enterprises and large privately owned financial institutions. This will fundamentally imperil Russia's ability to raise capital key to its acts of aggression. These actions are specifically designed to impose immediate costs and disrupt and degrade future economic activity, isolate Russia from international finance and commerce, and degrade the Kremlin's future ability to project power.

"Treasury is taking serious and unprecedented action to deliver swift and severe consequences to the Kremlin and significantly impair their ability to use the Russian economy and financial system to further their malign activity," said Secretary of the Treasury Janet L. Yellen. "Our actions, taken in coordination with partners and allies, will degrade Russia's ability to project power and threaten the peace and stability of Europe. We are united in our efforts to hold Russia accountable for its further invasion of Ukraine while mitigating impacts to Americans and our partners. If necessary, we are prepared to impose further costs on Russia in response to its egregious actions."

Russia's large financial services sector is heavily dominated by state-owned actors that rely on the U.S. financial system to conduct their business activities both within Russia and internationally. The sanctions the United States is imposing today cut off major parts of the Russian financial system and economy from access to this important financial infrastructure and the U.S. dollar more broadly.

The United States consulted closely with partners to tailor the economic costs of these actions to weigh most heavily on the Government of the

Russian Federation (GoR) and its economy while mitigating impacts to America and its allies. Treasury's sustained financial diplomacy over several months, on a near daily basis with partners and allies and at every level, has strengthened a unity of purpose, resolve, and technical coordination to deliver a broad array of impactful measures that will be felt deeply in Russia.

Today's actions were taken pursuant to Executive Order (E.O.) 14024, which authorizes sanctions against Russia for its harmful foreign activities, including violating core principles of international law such as respect for the territorial integrity of sovereign states.

MAJOR ECONOMIC ACTIONS

Targeting Russia's Two Largest Financial Institutions

Treasury is taking unprecedented action against Russia's two largest financial institutions, **Public Joint Stock Company Sberbank of Russia** (Sberbank) and **VTB Bank Public Joint Stock Company** (VTB Bank), drastically altering their fundamental ability to operate. On a daily basis, Russian financial institutions conduct about \$46 billion worth of foreign exchange transactions globally, 80 percent of which are in U.S. dollars. The vast majority of those transactions will now be disrupted. By cutting off Russia's two largest banks — which combined make up more than half of the total banking system in Russia by asset value — from processing payments through the U.S. financial system. The Russian financial institutions subject to today's action can no longer benefit from the remarkable reach, efficiency, and security of the U.S. financial system.

Correspondent and Payable-Through Account Sanctions on Sberbank

Today Treasury is imposing correspondent and payable-through account sanctions on Sberbank. Sberbank is uniquely important to the Russian

economy, holding about a third of all bank assets in Russia. Sberbank is the largest financial institution in Russia and is majority-owned by the GoR. It holds the largest market share of savings deposits in the country, is the main creditor of the Russian economy, and is deemed by the GoR to be a systemically important financial institution. Within 30 days, OFAC is requiring all U.S. financial institutions to close any Sberbank correspondent or payable-through accounts and to reject any future transactions involving Sberbank or its foreign financial institution subsidiaries. Payments that Sberbank attempts to process in U.S. dollars for its clients — with examples ranging from technology to transportation — will be disrupted and rejected once the payment hits a U.S. financial institution.

To implement sanctions on Sberbank, OFAC issued [Directive 2 under E.O. 14024, "Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions" \(the "Russia-related CAPTA Directive"\)](#). This directive prohibits U.S. financial institutions from: (i) the opening or maintaining of a correspondent account or payable-through account for or on behalf of any entity determined to be subject to the prohibitions of the Russia-related CAPTA Directive, or their property or interests in property; and (ii) the processing of transactions involving any such entities determined to be subject to the Russia-related CAPTA Directive, or their property or interests in property. Accordingly, U.S. financial institutions must reject such transactions unless exempt or authorized by OFAC.

Pursuant to Directive 2 under E.O. 14024, Sberbank and 25 Sberbank foreign financial institution subsidiaries that are 50 percent or more owned, directly or indirectly, by Sberbank were identified in Annex 1 to the Russia-related CAPTA Directive. These subsidiaries include banks, trusts, insurance companies, and other financial companies located in Russia and six other countries.

Sberbank and other affiliated entities determined to be subject to the Russia-related CAPTA Directive have been added to OFAC's [List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions \(CAPTA List\)](#), a reference tool that provides actual notice of OFAC actions with respect to foreign financial institutions for which the opening or maintaining of a correspondent account or a payable-through account in the United States is prohibited or subject to one or more strict conditions. All foreign financial institutions owned 50 percent or more, directly or indirectly, by Sberbank are covered by the prohibitions of the Russia-related CAPTA Directive, even if not identified on OFAC's CAPTA List.

The prohibitions of the Russia-related CAPTA Directive take effect beginning at 12:01 a.m. eastern daylight time on March 26, 2022. Accordingly, by 12:01 a.m. eastern daylight time on March 26, 2022, U.S. financial institutions must have closed any correspondent or payable-through account maintained for Sberbank all other entities listed in Annex 1 to the Russia-related CAPTA Directive, and all foreign financial institutions owned 50 percent or more by the foregoing. In addition, after 12:01 a.m. eastern daylight time on March 26, 2022, U.S. financial institutions may not process transactions involving those institutions and must reject such transactions, unless exempt or authorized by OFAC.

Full Blocking Sanctions on VTB

OFAC has imposed full blocking sanctions on VTB Bank, Russia's second-largest financial institution, which holds nearly 20 percent of banking assets in Russia. VTB Bank is majority-owned by the GoR, which deems it to be a systemically important financial institution. This will sever a critical artery of Russia's financial system. By imposing these sanctions, assets held in U.S. financial institutions will be instantly frozen and inaccessible to the Kremlin. This is one of the largest financial institutions Treasury has ever blocked and

sends an unmistakable signal that the United States is following through on its promise of delivering severe economic costs.

VTB Bank was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the GoR, and for operating or having operated in the financial services sector of the Russian Federation economy. In addition, 20 VTB Bank subsidiaries were designated pursuant to E.O. 14024 for being owned or controlled by, directly or indirectly, VTB Bank. These subsidiaries include banks, holding companies, and other financial companies located in Russia and eight other countries. All entities owned 50 percent or more, directly or indirectly, by VTB Bank are subject to blocking, even if not identified by OFAC.

Blocking Other Major Russian Financial Institutions

OFAC has also imposed blocking sanctions on three additional major Russian financial institutions: Otkritie, Novikom, and Sovcom. These three financial institutions play significant roles in the Russian economy, holding combined assets worth \$80 billion. These designations further restrict the Russian financial services sector and greatly diminish the ability of other critical Russian economic sectors from accessing global markets, attracting investment, and utilizing the U.S. dollar.

Public Joint Stock Company Bank Financial Corporation Otkritie

(Otkritie) is deemed by the GoR to be a systemically important Russian state-owned credit institution and is Russia's seventh largest financial institution. Otkritie was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the GoR, and for operating or having operated in the financial services sector of the Russian Federation economy.

In addition, 12 Otkritie subsidiaries were designated today pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Otkritie. The 12 Otkritie subsidiaries designated today include an insurance company, a bank, and other financial services companies in Russia and Cyprus. All entities owned 50 percent or more, directly or indirectly, by Otkritie are subject to blocking under E.O. 14024, even if not identified by OFAC.

Open Joint Stock Company Sovcombank (Sovcombank) is the third largest privately owned financial institution in Russia by total assets, and Russia's ninth largest bank overall. The GoR identifies it as a systemically important Russian financial institution. Sovcombank was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

In addition, 22 Sovcombank subsidiaries were designated today pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Sovcombank. The 22 Sovcombank subsidiaries designated today include a variety of financial services companies in Russia and Cyprus. All entities owned 50 percent or more, directly or indirectly, by Sovcombank are subject to blocking under E.O. 14024, even if not identified by OFAC.

Joint Stock Commercial Bank Novikombank (Novikombank) is state-owned and among the 50 largest financial institutions in Russia.

Novikombank primarily operates in the Russian defense sector and serves as the core financial institution for Russian defense company Rostec, which fully owns the bank. Novikombank was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy. Prior to today's action, Novikombank was subject to certain debt-related restrictions pursuant to Directive 3 under E.O.

13662 but is now blocked. Novikombank's parent company, Rostec, remains subject to certain debt-related restrictions pursuant to Directive 3 under E.O. 13662.

Debt and Equity Prohibitions Against Major State-Owned and Private Entities

In a move to limit Russia's ability to finance its invasion against Ukraine or other priorities of President Putin, OFAC expanded Russia-related debt and equity restrictions to additional key aspects of Russia's economy. To implement this action, OFAC issued [Directive 3 under E.O. 14024, "Prohibitions Related to New Debt and Equity of Certain Russia-related Entities" \(the "Russia-related Entities Directive"\)](#) to prohibit transactions and dealings by U.S. persons or within the United States in new debt of longer than 14 days maturity and new equity of Russian state-owned enterprises, entities that operate in the financial services sector of the Russian Federation economy, and other entities determined to be subject to the prohibitions in this directive.

These 13 major firms, which are listed in Annex 1 to the Russia-related Entities Directive, include companies critical to the Russian economy and six of Russia's largest financial institutions. They are now heavily restricted from raising money through the U.S. market — a key source of capital and revenue generation, which limits the Kremlin's ability to raise money for its malign activity — including to support the further invasion of Ukraine.

Today's action pursuant to the Russia-related Entities Directive further expands the number of Russian entities subject to prohibitions related to new debt and equity. This includes 13 entities with outstanding debt issuances, six of which are also subject to certain debt or additional restrictions pursuant to directives under E.O. 13662.

Pursuant to E.O. 14024, OFAC identified the following 11 Russian entities as being owned or controlled by, or having acted or purposed to act for or on behalf of, directly or indirectly, the GoR:

- **Sberbank** is Russia's largest financial institution. Today, Sberbank was also identified as subject to the Russia-related CAPTA Directive.
- **Gazprombank Joint Stock Company** is Russia's third-largest financial institution and is closely affiliated with the energy sector.
- **Joint Stock Company Russian Agricultural Bank** is Russia's fifth-largest financial institution and closely affiliated with the agricultural sector.
- **Public Joint Stock Company Gazprom** is the world's largest natural gas company.
- **Public Joint Stock Company Gazprom Neft** is one of Russia's largest oil producers and refiners.
- **Public Joint Stock Company Transneft** (Transneft) manages Russia's network of petroleum-related pipelines.
- **Public Joint Stock Company Rostelecom** is Russia's largest telecommunications company.
- **Public Joint Stock Company RusHydro** is a hydroelectricity company and one of Russia's largest power companies.
- **Public Joint Stock Company Alrosa** is the world's largest diamond mining company, responsible for 90 percent of Russia's diamond mining capacity, which accounts for 28 percent globally.
- **Joint Stock Company Sovcomflot** is Russia's largest maritime and freight shipping company.
- **Open Joint Stock Company Russian Railways** is one of the world's largest railroad companies.

Pursuant to E.O. 14024, OFAC identified the following three Russian entities for operating or having operated in the financial services sector of the

Russian Federation economy:

- **Joint Stock Company Alfa-Bank** is Russia's largest privately owned financial institution, and Russia's fourth-largest financial institution overall.
- **Credit Bank of Moscow Public Joint Stock Company** is Russia's largest non-state public bank and Russia's sixth-largest financial institution.
- **Sberbank**, which is described above.

General Licenses

To ensure that these sanctions and prohibitions have an impact on the intended targets and to minimize unintended consequences on third parties, OFAC has also issued several general licenses in connection with these actions. In particular, payments for energy are from production to consumption. The sanctions and license package has been constructed to account for the challenges high energy prices pose to average citizens and doesn't prevent banks from processing payments for them.

Specifically, OFAC issued eight general licenses authorizing certain transactions related to:

- international organizations and entities;
- agricultural and medical commodities and the COVID-19 pandemic;
- overflight and emergency landings;
- energy;
- dealings in certain debt or equity;
- derivative contracts;
- the wind down of transactions involving certain blocked persons; and
- the rejection of transactions involving certain blocked persons.

To provide further guidance on these authorizations and today's action, OFAC also issued extensive public guidance in the form of [Frequently Asked Questions \(FAQs\)](#).

NEW ACTIONS TARGETING RUSSIAN ELITES

Families Close to Putin

Elites close to Putin continue to leverage their proximity to the Russian President to pillage the Russian state, enrich themselves, and elevate their family members into some of the highest positions of power in the country at the expense of the Russian people. Sanctioned oligarchs and powerful Russian elites have used family members to move assets and to conceal their immense wealth. The following designations target influential Russians in Putin's inner circle and in elite positions of power within the Russian state. Many of these individuals are believed to participate in, or benefit from, the Russian regime's kleptocracy, along with their family members. Many serve in leadership roles of companies designated or identified today.

Sergei Sergeevich Ivanov, son of **Sergei Borisovich Ivanov**

Sergei Borisovich Ivanov (Sergei B. Ivanov) is the Special Presidential Representative for Environmental Protection, Ecology, and Transport. Sergei B. Ivanov is reportedly one of Putin's closest allies and previously served as the Chief of Staff of the Presidential Executive Office, Deputy Prime Minister, and Defense Minister of Russia. He is also a permanent member of the Security Council of the Russian Federation. Sergei B. Ivanov was previously designated in March 2014 for being an official of the GoR. Sergei Ivanov's son, Sergei Sergeevich Ivanov (Sergei S. Ivanov), is the current CEO of Russian state-owned diamond mining company Alrosa and a board member of Gazprombank.

OFAC redesignated Sergei B. Ivanov and designated his son Sergei S. Ivanov pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of the GoR. Sergei S. Ivanov was also designated pursuant to E.O. 14024 for being the spouse or adult child of Sergei B. Ivanov, a person whose property or interests in property are blocked for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Andrey Patrushev, son of Nikolai Platonovich Patrushev

Nikolai Platonovich Patrushev (Nikolai Patrushev) is the Secretary of the Russian Federation Security Council and is reported to be a longtime close associate of Putin. Nikolai Patrushev was previously designated in April 2018 for being an official of the GoR. Patrushev's son, Andrey Patrushev, served in leadership roles at Gazprom Neft and is employed in Russia's energy sector.

OFAC redesignated Nikolai Patrushev and designated his son Andrey Patrushev pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of the GoR. Andrey Patrushev was also designated pursuant to E.O. 14024 for being the spouse or adult child of Nikolai Patrushev, a person whose property or interests in property are blocked for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Ivan Igorevich Sechin, son of Igor Ivanovich Sechin

Igor Ivanovich Sechin (Igor Sechin) is the Chief Executive Officer (CEO), Chairman of the Management Board, and Deputy Chairman of the Board of Directors of Rosneft, one of the world's largest publicly traded oil companies. Igor Sechin was formerly the Deputy Prime Minister of the Russian Federation from 2008 until 2012 and is reportedly a close ally of Putin. Igor Sechin was previously designated in April 2014 pursuant to E.O. 13661 for

being an official of the GoR. Igor Sechin's son, Ivan Igorevich Sechin (Ivan Sechin), is reportedly a deputy head of a department at Rosneft.

OFAC redesignated Igor Sechin pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR. Ivan Sechin was designated pursuant to E.O. 14024 for being the spouse or adult child of Igor Sechin, a person whose property or interests in property are blocked for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Financial Sector Elites

Senior executives at state-owned banks, like Kremlin-linked elites, take advantage of their closeness to the Russian power vertical to advance the interests of the Russian state while maintaining an extravagant standard of living.

Alexander Aleksandrovich Vedyakhin (Vedyakhin) is First Deputy Chairman of the Executive Board of Sberbank. OFAC designated Vedyakhin pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of the GoR.

Andrey Sergeyevich Puchkov (Puchkov) and **Yuriy Alekseyevich Soloviev** (Soloviev) are two high-ranking VTB Bank executives who work closely with VTB Bank chief executive Andrei Kostin, whom OFAC designated in April 2018 pursuant to E.O. 13661. Puchkov also has other business interests beyond VTB, including Moscow-based real estate companies **Limited Liability Company Atlant S** and **Limited Liability Company Inspira Invest A**.

Soloviev's wife, **Galina Olegovna Ulyutina** (Ulyutina), was previously implicated in a golden passport scheme.

OFAC designated Puchkov and Soloviev pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of the GoR.

Limited Liability Company Atlant S and Limited Liability Company Inspira Invest A were designated pursuant to E.O. 14024 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Puchkov.

Ulyutina was designated pursuant to E.O. 14024 for being the spouse or adult child of Soloviev, a person whose property and interests in property are blocked pursuant to E.O. 14024.

[For identifying information on the individuals and entities sanctioned today, click here.](#)

[For Treasury's concurrent designation of critical Belarusian state-owned banks, defense firms, and regime-connected individuals, click here.](#)

[For the White House fact sheet about the Biden Administration's actions today, click here.](#)

###

Subsidiaries of Russian Financial Institutions Sanctioned on February 24, 2022 Pursuant to E.O. 14024

The following Sberbank subsidiaries are subject to the Russia-related CAPTA Directive:

1. **Subsidiary Bank Sberbank of Russia Joint Stock Company** is a bank located in Kazakhstan.
2. **Joint Stock Company Sberbank** is a bank located in Ukraine.

3. **Open Joint Stock Company BPS-Sberbank** is a bank located Belarus.
4. **IKS Joint Stock Company** is a real estate, security brokering, fund management, depository credit intermediation, as well as other activities auxiliary to financial intermediation, company located in Russia.
5. **Joint Stock Company Sberbank Leasing** is a bank located in Russia.
6. **Limited Liability Company Sberbank Capital** is a mutual and pension fund or trust located in Russia.
7. **Joint Stock Company Sberbank Automated Trade System** is a vendor of financial securities on electronic trading platforms located in Russia.
8. **Limited Liability Company Promising Investments** is a financial company located in Russia.
9. **Limited Liability Company Sberbank Financial Company** is a financial company located in Russia.
10. **Limited Liability Company Sberbank Investments** is a financial company located in Russia.
11. **Sberbank Europe AG** is a bank located in Austria.
12. **Insurance Company Sberbank Life Insurance Limited Liability Company** is an insurance company located in Russia.
13. **SB Securities SA** is a mutual and pension fund or trust located in Luxembourg.
14. **Joint Stock Company Sberbank Private Pension Fund** is a mutual and pension fund or trust located in Russia.
15. **Limited Liability Company Sberbank Insurance Broker** is a financial and insurance company located in Russia.
16. **Insurance Company Sberbank Insurance Limited Liability Company** is an insurance company located in Russia.
17. **Limited Liability Company Sberbank CIB Holding** is a financial company located in Russia.

18. **Limited Liability Company Sberbank Factoring** is a financial company located in Russia
19. **Joint Stock Company Raschetniye Resheniya** is a bank located in Russia.
20. **Vydayushchiesya Kredity Microcredit Company Limited Liability Company** is a financial and insurance company in Russia.
21. **Tekhnologii Kreditovaniya Limited Liability Company** is an Internet-based financial activities company located in Russia.
22. **Arimero Holding Limited** is a financial, insurance, and holding company located in Cyprus.
23. **Setelem Bank Limited Liability Company** is a bank located in Russia.
24. **Limited Liability Company Yoomoney** is a bank located in Russia.
25. **Limited Liability Company Market Fund Administration** is a mutual and pension fund or trust located in Russia.

The property and interests in property of the following VTB Bank subsidiaries are blocked:

1. **BM Bank Joint Stock Company** is a bank located in Russia.
2. **VTB Capital Holding Closed Joint Stock Company** is a holding company located in Russia.
3. **NPF VTB Pension Fund Joint Stock Company** is a non-state pension fund company located in Russia.
4. **VTB Factoring Limited** is a finance and factoring company located in Russia.
5. **Bank VTB Kazakhstan Joint Stock Company** is a bank located in Kazakhstan.
6. **VTB Bank Armenia Closed Joint Stock Company** is a bank located in Armenia.
7. **VTB Bank Azerbaijan Open Joint Stock Company** is a bank located in Azerbaijan.

8. **VTB Bank Belarus Closed Joint Stock Company** is a bank located in Belarus.
9. **VTB Bank Georgia Joint Stock Company** is a bank located in Georgia.
10. **Banco VTB Africa SA** is a bank located in Angola.
11. **VTB Specialized Depository Closed Joint Stock Company** is an intermediation and financial company located in Russia.
12. **VTB Pension Administrator Limited** is a holding company located in Russia.
13. **Limited Liability Company VTB DC** is a financial and management consulting company located in Russia.
14. **VTB Registrar Closed Joint Stock Company** is a financial company located in Russia.
15. **Business Finance Limited Liability Company** is a security brokerage and financial leasing company located in Russia.
16. **West Siberian Commercial Bank Public Joint Stock Company** is a bank located in Russia.
17. **Joint-Stock Company Sarovbusinessbank** is a bank located in Russia.
18. **Vietnam-Russia Joint Venture Bank** is a bank located in Vietnam.
19. **VTB Bank Europe SE** is a bank located in Germany.
20. **Obshchestvo S Ogranichennoi Otvetstvennostyu VTB Foreks** is a financial company located in Russia.

The property and interests in property of the following Otkritie subsidiaries are blocked:

1. **Public Joint Stock Company Insurance Company Rosgosstrakh** is an insurance company located in Russia.
2. **Otkritie Ltd Group** is a financial company located in Cyprus.
3. **OOO Navigator Asset Management** is a financial company located in Russia.

4. **OOO Otkritie Asset Management** is a financial company located in Russia.
5. **Otkritie Broker Group** is a financial company located in Russia.
6. **OOO Tamozhennaya Karta** is a financial company located in Russia.
7. **OOO Otkritie Factoring** is a financial company located in Russia.
8. **OOO RGS Holding** is a financial company located in Russia.
9. **OOO Otkritie Capital** is a financial company located in Russia.
10. **Otkritie Capital Cyprus Limited** is a financial company located in Cyprus.
11. **NPF Otkritie Group** is a non-state pension fund located in Russia.
12. **PAO Rosgosstrakh Bank** is a bank located in Russia.

The property and interests in property of the following Sovcombank subsidiaries are blocked:

1. **Aktsionernoe Obshchestvo Fintender** is a financial technology company located in Russia.
2. **Bank National Factoring Company Joint Stock Company** is a financial institution located in Russia.
3. **Sovcombank Factoring Limited Liability Company** is a financial company located in Russia.
4. **BEST2PAY Limited** is a financial company located in Russia.
5. **GMCS Management Limited Liability Company** is a financial management company located in Russia.
6. **Septem Capital Limited Liability Company** is an investment company located in Russia.
7. **Joint Stock Company Sovcombank Life** is an insurance company located in Russia.
8. **Limited Liability Company Ozon Bank** is a financial institution located in Russia.
9. **Mobilnye Platezhi Limited Liability Company** is a financial technology

company located in Russia.

10. **Ruskonsalt** is a company located in Russia.
11. **Sollers-Finance Limited Liability Company** is a financial company located in Russia.
12. **Sovcombank Asset Management Limited Liability Company** is a financial management company located in Russia.
13. **Sovcombank Securities Limited** is a financial company located in Cyprus.
14. **Sovcombank Technologies Limited Liability Company** is a financial technology company located in Russia.
15. **Sovkom Faktoring** is a company located in Russia.
16. **Sovkom Lizing** is a leasing company located in Russia.
17. **Sovcomcard Limited Liability Company** is a financial company located in Russia.
18. **Tsifrovye Tekhnologii Budushchego Limited Liability Company** is a financial technology company located in Russia.
19. **USM Limited Liability Company** is a financial company located in Russia.
20. **Aktsionernoe Obshchestvo Sovcombank Strakhovanie** is a financial company located in Russia.
21. **Public Joint Stock Company KB Vostochny** is a financial company located in Russia.
22. **Aktsionernoe Obshchestvo Rts-Kholding** is a financial management company located in Russia.

Russia, Iran, Establish Direct Banking Arrangements Without SWIFT

Iran-EAEU trade has been growing at rates in excess of 70% per annum

Russia's second largest bank, VTB, has launched a new service allowing individuals and businesses to transfer money to and from Russia and Iran, the lender announced on Monday (December 19).

State-owned VTB, which has been subject to sweeping Western sanctions since late February, has thus become the first lender to provide banking services to Iran, a country that has been under its own international sanctions for decades.

VTB's vice president, Denis Valvachyov, believes that such transactions will be in high demand and that the move will strengthen economic cooperation and boost tourism between the two countries.

The bilateral trade volumes are there and increasing. Iran's Financial Tribune reported in mid-November this year that trade between Russia and Iran in the January-October period surpassed that of full-year 2021, totalling US\$4 billion, citing figures provided by the Federal Customs Service (FCS) of Russia. That implies about a 20% increase in overall bilateral trade between the two countries.

Russian exports to Iran increased by 27%, while imports rose 10%,

The new service will allow money to be sent between Russia and Iran using account details within a day. Next year, VTB is planning to expand transaction services with Russia's 'friendly' nations, a classification

describing those that have not imposed sanctions on Russia. Payments are currently available to the bank's clients in more than ten former CIS states and some Asian countries.

Iran's Integrated Forex Market already launched the Ruble/Rial currency pair in its trades from July this year. Iran needs to conclude bilateral and multilateral monetary agreements with the countries in the region, especially with neighboring countries, and Russia was the first country to do so. A currency pair is the quotation of two different currencies, with the value of one currency being quoted against the other. The first listed currency of a currency pair is called the base currency (Ruble), and the second currency is called the quote currency (Rial).

Iran has a Free Trade Agreement with the Eurasian Economic Union (EAEU), which includes Armenia, Belarus, Kazakhstan and Kyrgyzstan as well as Russia, and these countries can be expected to follow Russia's currency lead. Iran-EAEU trade 2022 is on track to hit US\$5 billion in the twelve months January-December 2021 and has been growing at rates in excess of 70% per annum.

Non-sanctioned Russian businesses wishing to establish bank accounts and operations in Asia, including Iran, may contact Maria Kotova at russia@dezshira.com for guidance.

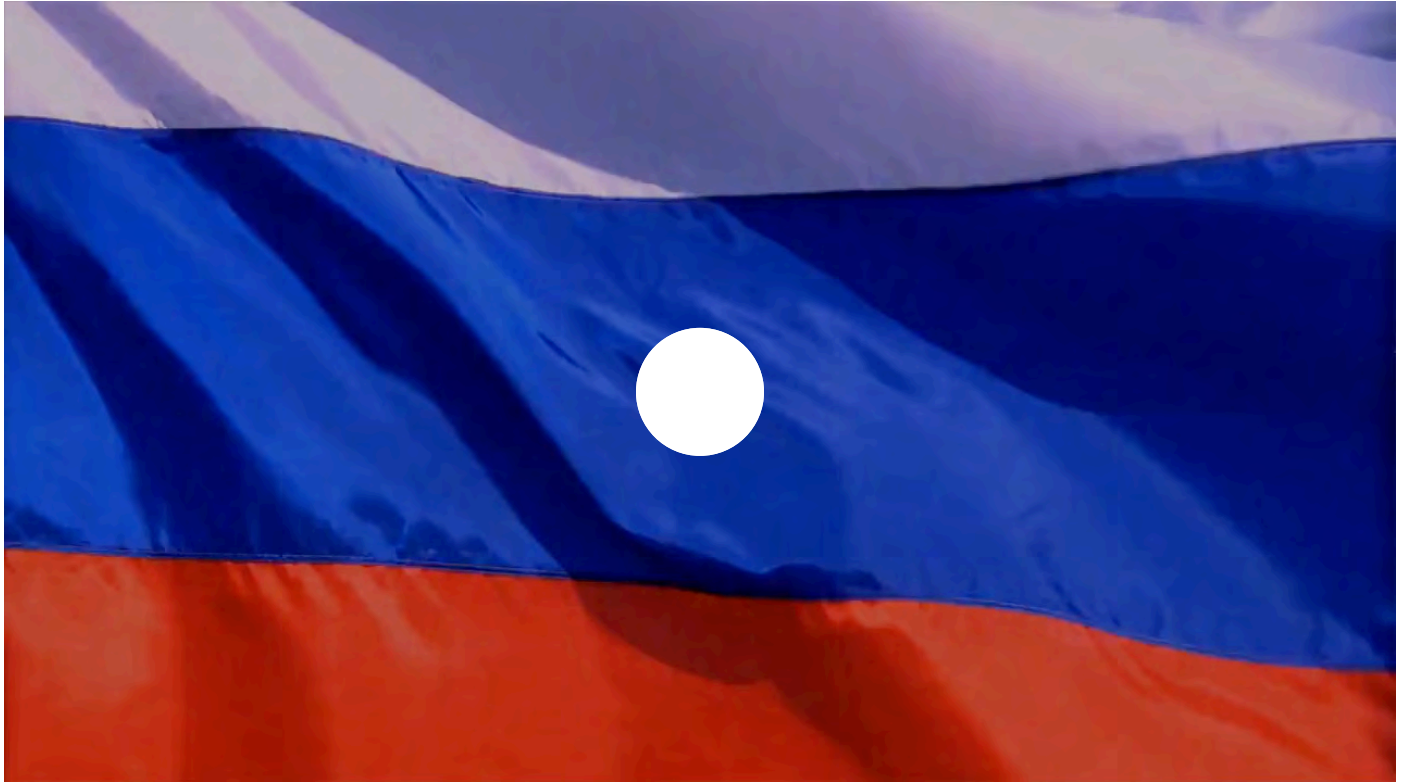
Related Reading

- [Russia Talks Trade & Economic Development With Iran](#)
- [Iran: Developing Free Trade Zones With Russia Can Beat Sanctions](#)

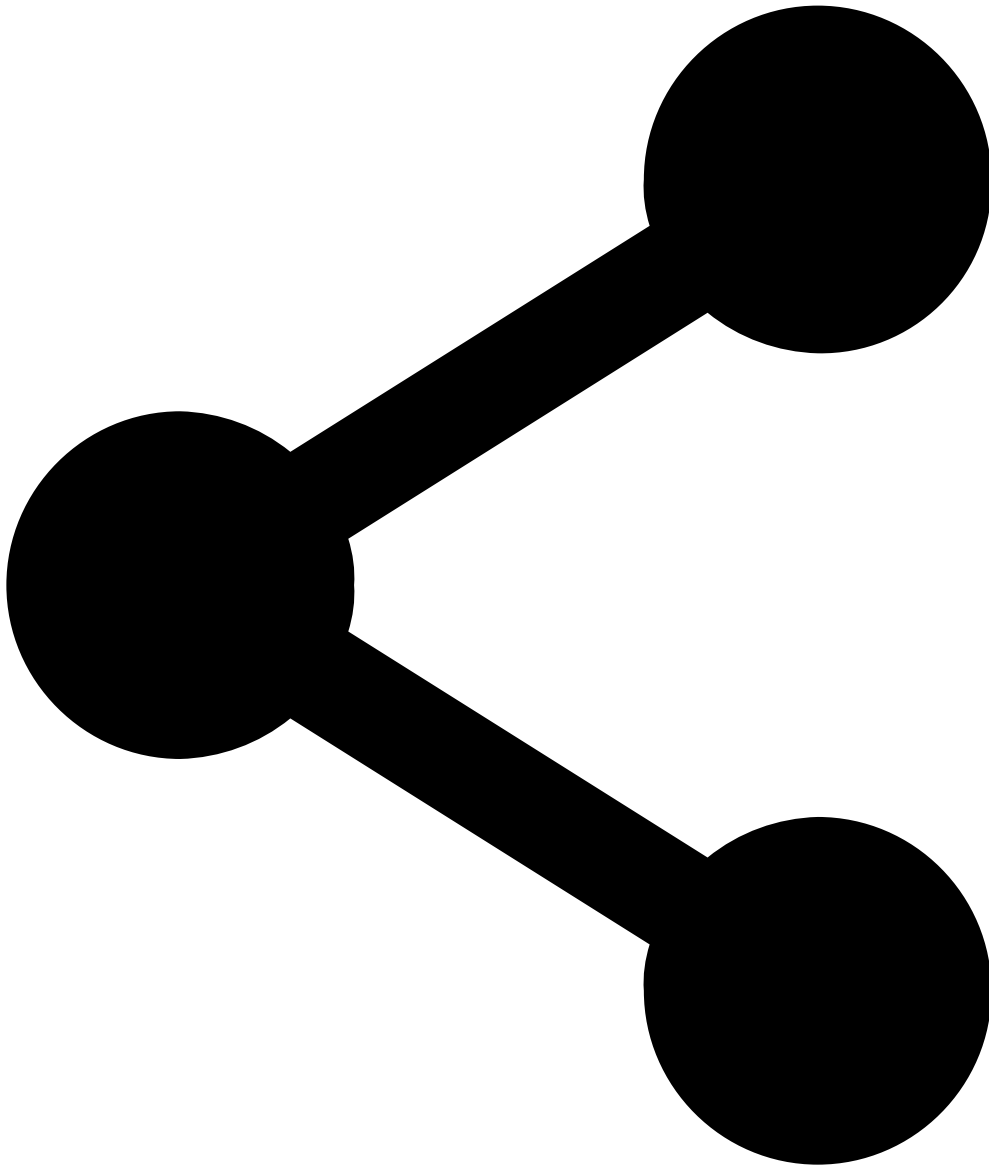
About Us

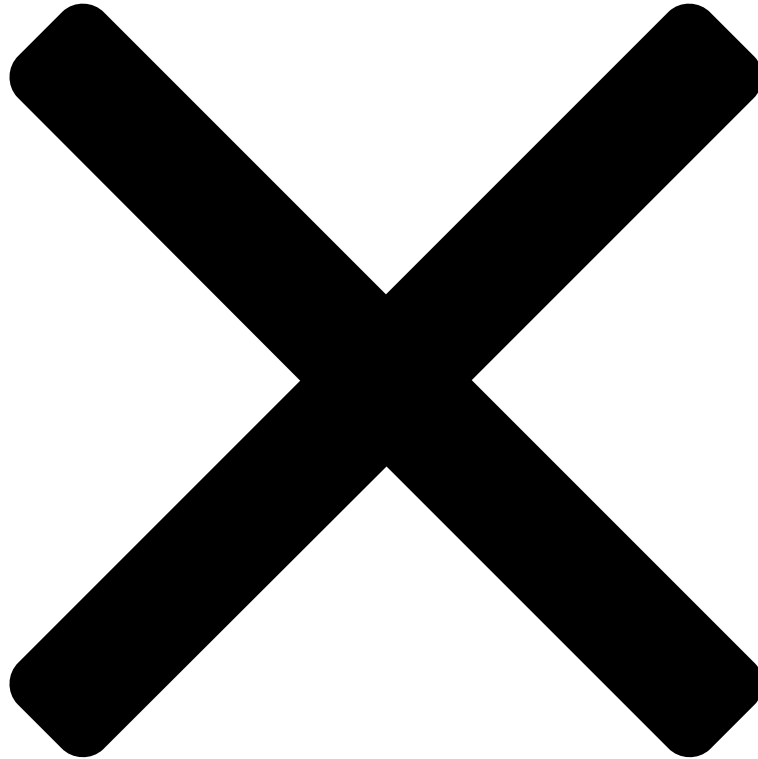
During these uncertain times and with sanctions in place, our firm helps

Russian companies relocate to Asia. We also provide financial and sanctions compliance services to foreign companies operating in Russia. Additionally, we offer market research and advisory services to foreign exporters interested in doing business in Russia as the economy looks to replace Western-sourced products. For assistance please email russia@dezshira.com or visit www.dezshira.com



Russia Briefing Introduction





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Resolution for the Liquidation of VTB Bank (Europe) SE



Frankfurt, March 27, 2023

With the votes of the voting trustee the Extraordinary General Meeting of VTB Bank (Europe) SE (VTBE) on March 24, 2023 in Frankfurt am Main passed the resolution that the bank will be liquidated on April 1, 2023. The Executive Board and Supervisory Board had submitted a corresponding proposal to the Annual General Meeting. From April 1, the bank will therefore proceed with the further winding-down of all remaining business and customer relationships with the addition of the words "in liquidation" or abbreviated to "i.L.".

"With this decision, we are moving from a state of de facto liquidation, which the bank is already in with the ban on new business and deposit acceptance imposed by the banking supervisory authority last spring, to a wind-down process approved by the Annual General Meeting," said Frank Hellwig, special representative and CEO of VTBE appointed by the German Federal Financial Supervisory Authority (BaFin).

BaFin had already prohibited VTBE's majority owner, Russia's PJSC VTB Bank, from exercising its voting rights from its subsidiary bank's shares in April 2022. The voting rights were transferred to a voting trustee by court order at BaFin's request.

Since the start of the war against Ukraine, VTBE's business has already shrunk significantly. The focus is on securing daily liquidity. "The bank's capitalization still allows it to meet all upcoming obligations without any restrictions," says CFO Miro Zadro. "Especially our savers with deposits at VTBE do not have to take action due to the liquidation of our bank. All customer funds due will be repaid as before and transferred to the specified reference accounts at other banks." According to current knowledge, the liquidation phase will take a period of several years.

As soon as the audit of the 2022 financial statements, which is currently underway, is completed, VTBE will report in detail on the progress of the liquidation.

Customer deposits at VTB Bank (Europe) SE i.L. are protected by a two-tier deposit guarantee system. VTB Bank (Europe) SE is a member of the statutory compensation scheme of German banks, which secures all credit balances on accounts or savings books, such as demand deposits, other current accounts, time deposits or money payable on demand. The protection limit per creditor is EUR 100,000 per investor and per bank. VTB

Bank (Europe) SE i.L. is additionally affiliated to the Deposit Protection Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.). Information about the deposit protection and the scope of protection of the Deposit Protection Fund of the Bundesverband deutscher Banken e.V. can be found at <https://einlagensicherung.de/banks/vtb-bank-europe-se/>.



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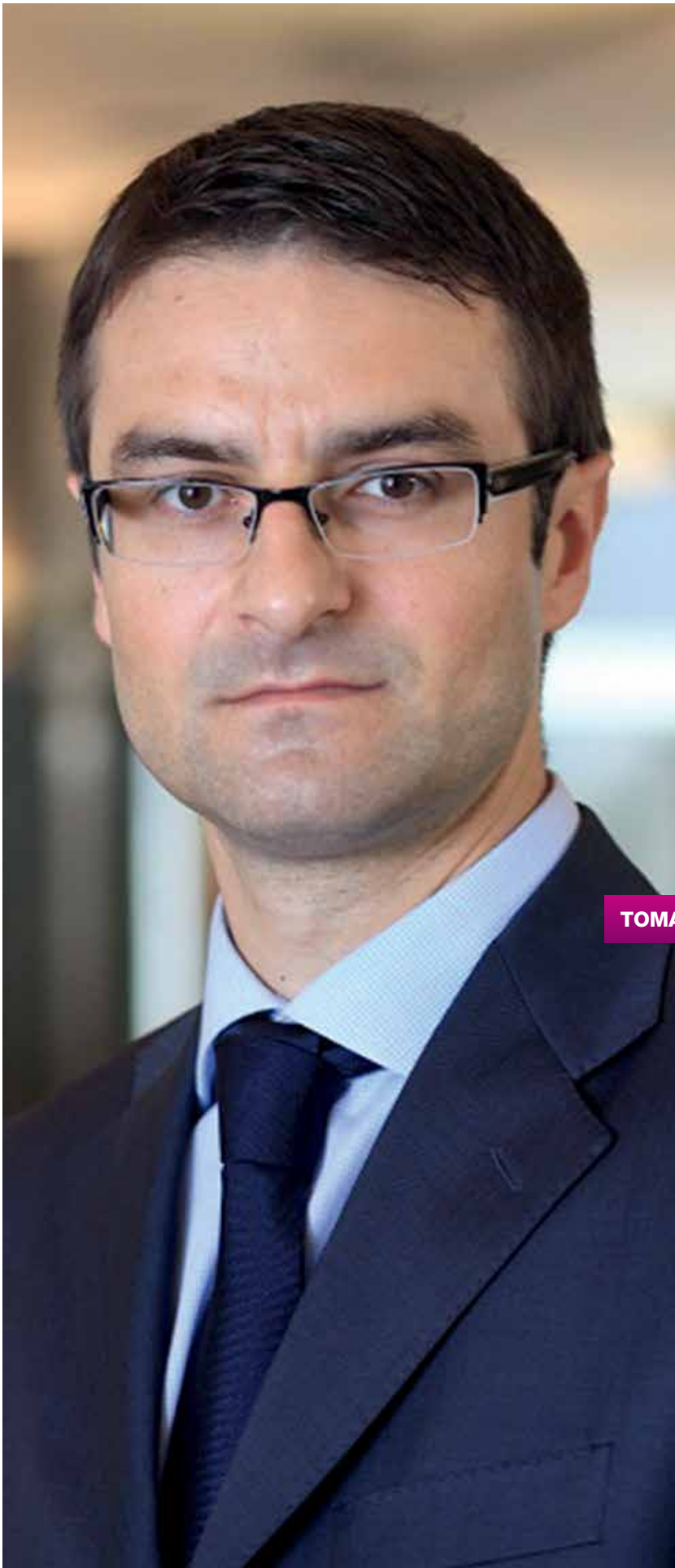
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TOMASZ POREBA MEP

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- *The Foundation for
European Reform.*



RUSSIA'S INFLUENCE IN BULGARIA

- Dr DIMITAR BECHEV

GEOFFREY VAN ORDEN MEP

is Conservative MEP for the East of England, Vice Chairman of the ECR Group, former European Parliament *rapporteur* for Bulgaria, and Founding President of *New Direction* – the Foundation for European Reform



DR DIMITAR BECHEV

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London School of Economics**

Dr. Bechev is Director of the European Policy Institute and teaches international politics at Sofia University. He is currently a visiting fellow at the Center for European Politics, Harvard University. Dr. Bechev was a Senior Policy Fellow and Head of European Council on Foreign Relations (ECFR) office in Sofia from 2010 till 2014. He is also affiliated with South East European Studies at Oxford (SEESOX), St. Antony's College, Oxford. In 2006-2010, Dr. Bechev was a Research Fellow at Oxford's European Studies Centre and held a lectureship in International Relations at Worcester College, Oxford and a visiting professorship at Hitotsubashi University in Tokyo. He is a Region Head for Central and Eastern Europe at Oxford Analytica. Dr. Bechev has published widely on the EU's enlargement and neighbourhood policies as well as the politics and modern history of the Balkans.

He is the author of *The Historical Dictionary of the Republic of Macedonia* (2009), *Mediterranean Frontiers: Borders, Conflict and Memory in a Transnational World* (2010, co-edited with ECFR Council Member Kalypso Nicolaidis) and *Constructing South East Europe: the Politics of Balkan Regional Cooperation* (Palgrave Macmillan, 2011) as well as articles in leading periodicals such as the *Journal of Common Market Studies* and *East European Politics and Societies*. He holds a D.Phil. (2005) in International Relations from the University of Oxford as well as graduate degrees in International Relations and Law from Sofia University. His areas of expertise include EU enlargement and Neighbourhood Policy, the politics of wider South East Europe (post-communist Balkans, Greece, Turkey), EU-Russia relations, and Euro-Mediterranean relations.

Russian influence has always run strong in Bulgaria - once known, half-jokingly, as the Soviet Union's 16th republic. Its faces are manifold. A stroll in downtown Sofia or any other city takes one through streets, squares, monuments and churches named after Russian generals, diplomats and cultural figures. An equestrian statue of Emperor Alexander II, one of only two remaining anywhere in the world, has been standing proudly opposite the Bulgarian National Assembly since 1907. Though trading relations have declined since 1989, Bulgaria imports most of its oil, gas and nuclear fuel from Russia. VTB, a large Russian bank, has been playing a prominent role in the Bulgarian economy. Media outlets are linked to Moscow and echo the Kremlin's message. Human ties are durable too. Scores of prominent politicians, diplomats, business people, civil servants, military officers and technocrats, hailing from generations born before the late 1960s, have been educated in the former Soviet Union. Russian is often heard in Varna, Burgas and many other towns and resorts along the Black Sea coast, where Russian Federation citizens own thousands of second homes.

Such links have proven, time and again, an asset for Russia's foreign policy. In November 2006, Moscow's Ambassador to the Union Vladimir Chizhov famously called Bulgaria "Russia's would-be Trojan horse in the EU", mere weeks before the country entered the Union. Other member states have vied for the unflattering title since. And while there is an element of truth in the statement, dependence on Russian energy imports and links at various levels do not necessarily make Bulgaria a proxy of the Kremlin. But they do go a long way in shaping a cautious, risk-averse attitude, with successive governments in Sofia trying their best to balance the competing demands of Moscow and Bulgaria's Western allies. Russia moreover can count on many friends in Sofia. Political parties and social organisations and lobby groups proudly wear their links to the Kremlin, extoll the benefits of closer cooperation in energy, argue fervently against the Western sanctions, and often point a finger at the EU and US as the root of all evils befalling Bulgaria since 1989. Vladimir Putin has his loyal following, with rallies sporting the orange-and-black ribbons worn by separatists in the Donbass.



OVERVIEW OF RUSSIAN-BULGARIAN RELATIONS

HISTORICAL LINKS

Bulgaria and Russia share long-standing historical links. Although it is not common knowledge within Russia itself, Cyrillic script and the Slavonic Church made their way from the medieval Bulgarian Tsardom to Kievan Rus as the latter adopted Orthodox Christianity from Byzantium. In the 18th and early 19th century, the rapidly expanding Russian Empire became a magnet and patron for many Bulgarians, much like for other Orthodox peoples living under Ottoman rule. Numerous Bulgarian colonists, traders, and educationalists found home there. Modern Bulgaria emerged as a result of a war led by Emperor Alexander II in 1877-78, the “Liberator Tsar” credited for the abolition of serfdom in Russia. Russian administrators planted the seeds of state institutions, including the army, the courts and prosecutorial offices and the civil service and were instrumental in the adoption of a democratic constitution in 1879 (at the time when Russia itself lacked one).

Intimacy never meant harmony. Influential liberal nationalists detested the Romanov autocracy and looked to Germany and Austria-Hungary as a counterweight to meddling Russia. It is often forgotten that relations went through a number of crises, with St Petersburg orchestrating several coups and Russophile and Russophobe factions jockeying for power. Frustrated by the failure of Russia to support its cause in the Second Balkan War (1912-13), Bulgaria opted for the Central Powers in the First World War, fought against the Tsarist army and was a signatory of the March 1918 Brest-Litovsk Treaty.

In the interwar period the Bolsheviks capitalised on residual pro-Russian sentiments. They were bolstered by the influential Bulgarian Communist Party (BCP) whose exiled leader Georgi Dimitrov became head of the Comintern in 1934. But it was the arrival of the Red Army in early September 1944 that soon turned Bulgaria into a loyal satellite - in contrast to Hungary, Poland, Czechoslovakia or even next-door Romania. From the mid-1950s all the way to 1989, communist leader Todor Zhivkov survived successive power shifts in the Kremlin. Bulgaria transitioned from an agrarian economy to heavy industry thanks to the import of Soviet technology, funds and raw materials. Yet, as socialist development went downhill in the 1970s and 1980s, it became dependent on re-exporting cheap oil to balance the books. It was Mikhail Gorbachev's decision to discontinue this form of indirect subsidy, as well as the liberalising influence of *perestroika*, that eroded Zhivkov's rule. He was deposed by a palace coup in November 1989, with the Soviet Embassy in close communication with the rebels.



Russian Tsar Alexander II

Statue of the Russian Tsar Alexander II “The Liberator”, being replaced on its plinth in central Sofia after renovation.



ECONOMIC RELATIONS

Russia is a major trading partner for Bulgaria and consistently ranks as No 1 amongst importers. This is largely because of oil and gas. According to the Centre of Bulgarian Industry in Moscow, hydrocarbons account for 76.4% of imports from Russia corresponding to USD 5.3 bn (See Table I). Russia is *not* a key market for Bulgarian firms and trails far behind leading partners such as Germany, Turkey, Italy and even neighbouring Romania and Greece. At USD 707.3 m (2014), or about 3% of Bulgaria's total, exports to the Russian Federation are nearly eight times less than imports. Because of energy dependence, the trade deficit is structural. Put another way, two companies, Lukoil and Gazprom, dominate trading relations between Sofia and Moscow. Another significant point is that, contrary to perceptions, Bulgaria is not vulnerable to the ban on EU agricultural products Russia introduced in 2014 as a tit-for-tat for the sanctions, as it does not export large quantities in the first instance.

FDI tells a similar story. Russia is the tenth largest investor in Bulgaria, with a total stock (1999-2011) worth EUR 1.485 bn. The global economic crisis after 2009 affected both countries and led to a significant decrease (Table II). One caveat is that the Bulgarian National Bank monitoring financial flows often lists the most prominent investors

- Lukoil Neftochim, operating the refinery at Burgas, and Lukoil Bulgaria, the trading arm – as based in the Netherlands, Austria or Switzerland, depending on which branch takes charge of a particular piece of investment. Another point worth noting is the large number of Bulgarian companies where Russian individuals and entities hold from 5 to 100% of shares: 4 652. Presumably, a significant chunk of those have been registered to enable the purchase due to the legal prohibition of foreign ownership (companies incorporated in Bulgaria count as local).

Tourism is a key sector of economic relations but even there Russia, with 666, 538 visits in 2014 according to Bulgaria's National Statistics Institute, trails behind Romania (about 1.5m), Greece and Turkey (1.1m each) and Germany (900,000). After several years of growth, there has been a fall in the number of tourists by more than 3% in 2014 (see Table III). Bulgarian authorities are now considering measures to facilitate the granting of visas to Russian citizens (Sofia introduced visas in October 2001, in order to secure a visa-free regime with the Schengen countries). In South East Europe Russians prefer destinations like Turkey (more than 4 million visits in 2014, up from 3.8 in 2013) and Greece (1.3 million).



ATTITUDES TO RUSSIA IN BULGARIAN POLITICS AND SOCIETY

Nowadays, the 1990s divide, with BSP backing Russia and the anti-communist rallying against its influence, is largely blurred. The current governing coalition led by Boyko Borisov's centre-right Citizens for European Development of Bulgaria (GERB, in power 2010-3 and after October 2014) steers a middle course. On the one hand, the cabinet features prominent critics of Putin like the Ministers of Foreign Affairs and Defence, Daniel Mitov and Nikolay Nenchev, member of the pro-Western Reformist Bloc. President Rosen Plevneliev has been making hawkish statements too. On the other hand, Borisov keeps a low profile and is on reasonably good terms with the pro-Kremlin Purvanov, whose new party, ABV, participates in the government.

BSP is pursuing a balancing act of its own, as the Kremlin friendly messaging to its ageing electorate harbouring nostalgia for the golden days of communism differs from the pro-EU rhetoric Bulgarian socialists adhere to in Brussels and elsewhere. Humiliated by Putin on several occasions, ex-leader Sergey Stanishev used to position himself as a Westernising force within the party – and in 2013 backed the deal with the US corporation Westinghouse to counterweight Russian interest in the nuclear sector. Even in the 1990s, Soviet-educated Prime Minister Jean Videnov resisted pressure from Moscow, notably Gazprom's bid to take over Bulgaria's gas grid. Socialists tilted into a markedly Putin-friendly direction only after they lost power in the summer of 2014 and Stanishev, leader of the Party of European Socialists (PES), was succeeded by Mikhail Mikov.



THE NATURE OF RUSSIAN INFLUENCE

USE OF HISTORICAL, CULTURAL AND RELIGIOUS TIES

It is hard to overstate the momentous role the past plays in the battles over Russia's place in Bulgarian politics and society. The image of the Russian Empire as a Slav brother and liberator is firmly embedded in both history textbooks and national literature. March 3 - the date in 1878 when Count Nicholas Ignatieff, Russian Ambassador to the Sublime Porte, signed a peace treaty at the gates of Istanbul - is Bulgaria's official holiday. While a handful of revisionist scholars and commentators interrogate the Romanov Empire's expansionist and self-interested agenda, their message reaches only a niche audience of hardline anti-communists. The themes of liberation, brotherhood and historical debt resonate with large swathes of society. The contribution to the war by many nationalities in the multiethnic and multiconfessional Tsarist Empire (e.g. Finns, Ukrainians, Germans, Poles, Armenians and others) or indeed the allied states of Romania, Serbia and Montenegro is rarely mentioned. Russia takes all the credit and uses it to its best advantage. For instance, in January 2008, Vladimir Putin was in Sofia to take part in festivities surrounding the 130th anniversary from the emergence of modern Bulgaria. The president's trip culminated in the signature of the Intergovernmental Agreement (IGA) regarding South Stream - accompanied by the announcement of a "Year of Russia in Bulgaria" and a "Year of Bulgaria in Russia" in 2008-9.

History resurfaced six years later when Sofia walked out from the South Stream project - found to be in breach of EU competition rules. Media close to the Kremlin saw the decision as an act of betrayal and ingratitude. "Bulgars have backstabbed us yet again", read the headlines. Russian pundits pointed out that it was not the first instance of Bulgarians' being ungrateful to their Slav Orthodox brethren.² The alliance with Germany in the First and Second



LINKS WITH POLITICAL LEADERS, PARTIES AND BUSINESSES

The legacy of the Cold War is reflected in the dense personal links between Bulgarian political, business and cultural elites with Russia. At least two generations of the former BCP *nomenklatura* have been schooled in the Soviet Union; there are a significant number of mixed marriages. A good example to that effect is Sergey Stanishev, leader of the BSP between 2001-14, prime minister (August 2005 – July 2009), and, since 2011, president of the Party of European Socialists (PES). Born in Kherson to a Ukrainian mother, he was educated at the prestigious Moscow State University where he obtained his PhD in history. Holding a Soviet and then Russian passport, Stanishev became a Bulgarian citizen only in 1996. One of his predecessors as Prime Minister, Andrey Lukanov, an influential BSP party baron in the 1990s who orchestrated the dethronement of Zhivkov in November 1989 with help from the Soviet Embassy, was born in Moscow and schooled at the Moscow State Institute of International Relations (MGIMO). Since the 1950s, MGIMO has been the *alma mater* of more than 650 Bulgarians, including scores of prominent figures like Petar Mladenov (head of state, 1989-90) Jean Videnov (Prime Minister, 1994-96); foreign ministers Irina Bokova (currently head of UNESCO and contender for the position of UN Secretary General), Lyuben Gotsev, Boyko Dimitrov, Stanislav Daskalov and Tasko Ermenkov –influential BSP member and foremost promoter of South Stream. Heavyweight political players have sprung from other Soviet institutions too: e.g. Rumen Ovcharov, long-time leader of BSP in Sofia and government minister, who graduated from the Moscow Power Engineering University.

Russia was a significant partner of business conglomerates surfacing in the early year of transition. The best example is Multigrup, a holding company that domineered over large swathes of the Bulgarian economy in the 1990s, and its boss Iliya Pavlov, whose worth at the time was estimated at USD 1.5 bn. In 1992, Pavlov established Overgaz, a joint intermediary company with Gazprom, which would become the largest importer of Russian gas. Writing after his assassination (March 2003), US Ambassador James Pardew described Multigroup as “the once doyen of organized crime”.⁴ Pavlov was not alone. Emil Kyulev, another prominent businessman, president of Bulgarian-Russian Investment Bank and later ROSEXIM Bank, financier and advisor to President Georgi Purvanov, was shot dead in 2005 while driving through Sofia’s city centre. The 1990s saw the rise to fame of two tycoons with Russian passports: Denis Ershov, owner of gasoline stations operator Petrol AD, and Mikhail “Michael” Chorny who set up the country’s first mobile operator MTEL. Both were expelled from Bulgaria in August 2000 on grounds of national security - shortly after a visit by the then FBI chief George Tennant.⁵ Ambassador Pardew identified business group TIM, a prominent business group which owns the national carrier Bulgaria Air and has large presence in Varna and its region, as linked to Russia. In more recent years, influential oligarch Tzvetan Vassilev also cultivated close ties with big Russian business, notably Vneshtorgbank (VTB) (see below).

Networks connected to the so-called Committee for State Security (DS), the secret police under communism, are

A graphic illustration featuring a large red line graph with multiple peaks and valleys, set against a background of blue and orange wavy shapes. In the foreground, there are black silhouettes of oil rigs and a wellhead. The entire scene is overlaid with a fine grid pattern.

THE ISSUE OF RUSSIAN GAS

In the winter of 2009 Bulgaria was amongst the countries worst hit by the gas cut-off during the dispute between Gazprom and Kyiv's Naftogaz. As in 2006, the crisis yet again exposed Sofia's dependence on Russian gas. The disruption of deliveries brought to a near standstill heating plants in large cities as well as several enterprises in industrial sectors such as iron manufacturing, fertilizers and ceramics. Reserves at the Chiren storage and the gas extracted domestically – near Cape Galata close to Varna – could not compensate for the shortfall. The freeze sent a strong signal that Central and Eastern Europe needs to diversify gas supplies away from Russia. Bulgaria has launched plans for interconnectors with all neighbours, including Romania (Giurgiu-Ruse), Greece (Komotini-Stara Zagora), Serbia (Nish-Dupnitsa) and Turkey. Beyond ensuring security of supply those projects aim at fostering gas-to-gas competition and bringing down prices. This

goal is not so pressing now as in the very recent past. Gazprom charges currently USD 278 for 1000 cubic meters on its long-term contract. This is not reflective of Moscow's generosity but rather a function of the plummeting oil prices. As other traders, Gazprom uses a standard formula in its long-term contracts indexing gas to the fluctuating prices of crude on the global market. Still, Bulgaria continues to pay more than other member states of the EU, with the average levels at USD 220 or so. However, back in November 2012, Gazprom gave a 20% discount to Sofia – an incentive for participating in South Stream.

Cheaper gas imports are one of the many reasons, along with bureaucratic inefficiency and scarce resources, that the interconnectors have been moving frustratingly slowly. The link with Romania will not be operational till the end of 2015, with the construction of the pipeline to Greece and Serbia



THE SOUTH STREAM CONTROVERSY

Russia's influence is not as extensive at first glance because Bulgaria consumes insignificant volumes of gas. Demand has shrunk from 6.7 bcm in 1989 to about 2.9 bcm at present, while gas accounts for roughly 12% of the primary energy mix. Russian leverage has more to do with the control over financial resources linked to projects like South Stream whose Bulgarian section would cost as much as EUR 4.1 bn – compared to EUR 3.1 bn in 2012 and even lower at the very outset. The tender was won in March 2014 by Stroytransgaz, a company owned by businessman Gennady Timchenko – a personal friend of Putin's. As early as August 2013, even before the official call was released, the Moscow daily *Kommersant* had floated the name of the likely winner.⁹ One of the Bulgarian participants in Stroytransgaz-led consortium was a daughter company of Vodstroy 98, linked by investigative journalists to Delyan Peevski, a media tycoon and Member of Parliament from the MRF whose appointment as head of the State Security Agency (DANS) had sparked off a wave of civil protests in the summer of 2013. Another partner, Technoexportstroy, was managed by President Purvanov's secretary. A third one was Glavbolgarstroy, one of the most prominent construction companies in Bulgaria, which had

won a number of profitable contracts under the GERB government (2009-13). There were two further companies with ties to the First Investment Bank, an influential lender with interests in the tourist sector, and to individuals close to Prime Minister Oresharski. In other words, South Stream came with the promise to generate large volume of business for a handful of well-connected Bulgarian firms.

The main question was how to find the money, given BEH's 50% stake in the joint venture with Gazprom. In 2012, the GERB government announced that the Russian company was ready to loan EUR 450m repaid by the transit fees charged by Bulgaria over a period of 15 years. Later on, in October 2014, the amount went up to EUR 620m while the repayment period was extended to 22 years. The rest of the funding (corresponding to 70% of the total cost) was supposed to be raised from private banks. Although BEH's commitment was underwritten, in the final analysis, by the national budget, there was precious little transparency over the terms and conditions. The talks between the Oresharski government and Gazprom's top management were confidential, on the grounds they involved commercial secrets.



THE BELENE NUCLEAR STATION

The story of South Stream is linked to, but also mirrors, the botched project to build a nuclear power plant (NPP) on the Danube – next to the town of Belene. Construction of Bulgaria's second such station after the one at Kozloduy (commissioned in 1974) kicked off in 1985 but was abandoned after the end of communism. Plans resurfaced in 2002, justified by the shutdown of four of Kozloduy's units between 2004 and 2007 in response to the EU's safety regulations. The decision was advocated by Prime Minister Simeon Saxe-Cobourgo-Gotha as well as Energy Minister Milko Kovachev who much later, in 2013, took up employment at export department of Rosatom. In October 2006, a consortium led by AtomStroyExport (ASE), a subsidiary of Rosatom with Gazprombank holding 49.8% of shares, was awarded the contract to build the NPP.

Belene courted controversy from the very start. Critics pointed out that even upon the decommissioning of Kozloduy's Units 1-4 Bulgaria produced far more electricity than it consumed and demand in neighbouring countries was in decline. There was a concern over the likely price of electricity for the project to break even (EUR 0.105 per KW/h vs. 0.3 KW/h for Kozloduy's remaining units) as well as over the safety risks associated with local seismic conditions. Most significantly, Belene was cast as a problem by those who saw the choice of a Russian contractor as deepening Bulgaria's already extensive dependence and opening opportunities for high-level corruption fuelled by money from Moscow. In February 2006, months before the results of the tender were announced, Energy Minister Rumen Ovcharov declared upon returning from a visit to Moscow that it would be impossible to build Belene without Russia.

Beyond its commercial and political advantages, Belene was valuable for ASE and Rosatom as a pioneering project involving Russian technology to be completed on EU soil. But the NPP ran into trouble as German energy company RWE decided to walk out from its partnership with Bulgaria's National Electricity Company (NEK) in October 2009. A US Embassy cable linked RWE's withdrawal with the company's objections in being kept in the dark with regard to the talks between the BSP-dominated government (in power till July 2009) and their successors from GERB with Moscow over financing NEK's 51% stake in the joint venture.

Russia made full use of this turn of events to strongarm Bulgaria. In the ensuing bilateral talks, it offered Sofia a EUR 2bn loan in exchange for 80% of Belene. (Prime Minister Putin had already earmarked up to EUR 3.8 bn in the annual budget for such a loan). Later on, Russia accepted 49% but during Putin's visit to Sofia in November 2010 it quoted a price of EUR 6.3 bn - as against 4 bn agreed in November 2006. That sum was added to the EUR 2 bn already spent on preparatory construction works and services related to the deal, bringing the final figure to close to EUR 9 bn. The long-drawn negotiations led to nowhere and Belene was abandoned in March 2012 on the pretext that consultant HSBC had published a negative feasibility study (though, in reality, it turned out the recommendation was government should continue its search for a strategic investor).

Borisov's decision to abandon Belene has provided Russia with additional leverage, including on lateral issues such



VTB'S BULGARIAN OPERATION

Russian banking groups have long established presence in Bulgaria. Chief amongst them is VTB. The bank entered Bulgaria in October 2011 when it purchased 79.83% from Bulgartabac, formerly a state-owned monopoly, through a Vienna-based offshoot, BT Invest. The deal proved very lucrative: in 2013 VTB collected in dividends a quarter of the EUR 100m it had paid for the package. Tobacco growing and processing is politically a very sensitive sector in Bulgaria. Many of the Turks and Muslims forming the core electorate of MRF, a king-maker in Bulgarian politics, depend on it for their livelihood. Cigarette trade generates substantial profits. That includes the various forms of illicit business – Bulgartabac has faced accusations by multinational companies of smuggling, notably into Turkey and the Middle East.¹⁰ The second step was the acquisition of the heavily indebted BTK, Bulgaria's largest telecommunication company which also owns mobile operator Vivacom, in the autumn of 2012. VTB CGI Ltd, a London subsidiary, did so in partnership with Corporate Commercial Bank (Corpbank or KTB).

The alliance with KTB, sealed with the purchase of a 9.9% in April 2013 subsequently rising to 33%, was a sign that VTB had established itself as a central player in Bulgarian politics and business. KTB was no ordinary financial institution but a political slush fund on a grand scale with connection to most, if not all, parties. Starting from the early 2000s the bank grew from obscurity into Bulgaria's fourth largest in terms of assets – and first in terms of

deposit growth. By an unwritten rule, key state-owned companies, particularly in the energy trade, would deposit their money exclusively with KTB. CEO Tzvetan Vassilev, the majority stakeholder, would then extend preferential credit to businesses close to power, notably the New Media Group around the young MRF MP Delyan Peevski and his mother. In turn, Peevski's media empire, holding a near monopoly on press distribution, would provide comfort to successive governments, completing the elaborate state-capture scheme.

KTB exploded in the summer of 2014 when the frictions between Vassilev, on the one hand, and Peevski and all-powerful MRF, on the other, escalated into a full-frontal conflict. The piling up of bad debt, a raid of KTB offices by the Prosecutor General together with the gradual demise of the Oresharski government unlocked a classic bank run which led the Bulgarian National Bank to put the ailing lender under special supervision. In June, minority shareholder VTB refused to bail out KTB. It had succeeded in reaping sufficient benefits, having sold Bulgartabac in early 2014. Most recently, VTB has secured a judicial warrant distraining shares in BTK/Vivacom owned by companies close to bankrupt KTB's owner Tzvetan Vasilev. Though, it appears plausible that the Russian bank entered Bulgaria to make profit (which it did) venturing in murky deals which would be strictly off-limits for many of its Western counterparts, the story had political implications. In the summer of 2014 Moscow appeared to be holding the keys to financial stability in another fragile EU member,



ARMY AND DEFENCE INDUSTRY

The influence of Russia is also felt in the defence sphere. Despite NATO membership and recurrent efforts to modernise their armed forces, Bulgaria continues to use Soviet-era equipment. This has slowed down the army's overhaul as well as its interoperability with the Alliance, commitment undertaken back in 2004. When compared to other branches of the army, the airforce raises particular concern as it relies on MiG 29 and MiG 21 fighter jets plus Su-25 ground assault aircraft, none of which meet NATO specifications (See Box III below). The purchase of 3 Alenia C-27J Spartan transporters (made in Italy) and 12 Eurocopter AS532 Cougar (France) has not changed much to improve matters. The use and maintenance of the Soviet-made hardware is expensive (a flying hour costs EUR 25,000 vs. 4500-6300 for Lockheed Martin's F-16) as engines need to be serviced and repaired on a regular basis, a task performed in Russia by RSK MiG, which is also the source of spare parts. The Ministry of Defence is pushing for replacing the MiGs with F16s, as done by Romania and other ex-Warsaw Pact members. But the initiative has met resistance from the top brass. Major General Rumen Radev, commander of the Bulgarian Airforce, is arguing for putting off the decommissioning date until 2019. The Ministry of Finance has been reluctant to endorse rearmament, though with the so-called *Bulgaria in NATO and European Defence 2020* the government has accepted to gradually raise expenditure to 2% of GDP by the end of the decade.

Russia has leverage in relation to Bulgaria's defence industry. In the 2000s it demanded compensation over the alleged

AIRFORCE

- MiG-21 fighters: **6**
- MiG-29 fighters: **15** (plus **3** for training purposes)
- Sukhoi SU-25 ground attack jets: **14**
- Mi-17 transport helicopter: **17**
- Mi-24 assault helicopter: **12**
- Antonov An-2: **1**
- Antonov An-4: **1**
- Antonov An-26: **2**

INFANTRY

- T-72 tanks: **160**
- BRDM-2 armoured cars: **12**
- 9M113 Konkurs mobile missile complex: **24**
- BMP-1 infantry fighting vehicle: **20**

BULGARIAN MODIFICATIONS OF SOVIET EQUIPMENT

- BMP-23 infantry fighting vehicle: **114**
- BTR-60 armoured transporter: **150** (Soviet made, fitted with new engines)

NAVY

- Frigates: **1** (vs. **3** purchased from Belgium in 2005-9)
- Corvettes: **2**
- Missile corvette: **1**
- Minesweepers: **9** (vs. **1** minehunter from Belgium)

BOXIII SOVIET MILITARY
HARDWARE IN BULGARIA

infringement by Bulgarian arms manufacturers and exporters of industrial property rights. The issue at stake, raised by Putin himself in successive meetings with Prime Minister Stanishev and President Purvanov, was Soviet designs that had passed into the ownership of Russian companies. According to Sofia, the original designs had been greatly modified and were property of Bulgarian firms. The Bulgarian government claimed damages for cancelled contracts. The issue was partly resolved in 2008 as Bulgaria wrote off USD 30m in Russian debt going back to the Soviet period¹⁴ in exchange to Russia giving up its claims. However, it resurfaced once more after 2009 when GERB took power in Sofia.

Last but not least, as long as the Oresharski government was in power, the media empire around Delyan Peevski – for instance, Bulgaria’s highest circulation newspaper *Weekend*, internet outlets such as blitz.bg and pik.bg, and papers like *Telegraph* (top circulation amongst dailies – around 100,000 copies), *Trud* and *Monitor* amongst others – backed its foreign policy, notably the push in favour of South Stream. The collapse of KTB in the summer of 2014 has opened opportunities for Russia to expand its presence in Bulgarian media. TV7, a popular channel linked to Tzvetan Vassilev has gone into bankruptcy over its debts to the failed lender. It is practically on sale, in a package with its affiliate News 7. The likely buyer, through a string of intermediaries, is believed to be, again, the Orthodox oligarch Konstantin Malofeev. The deal, which is yet to be completed, is fronted by Greek businessman Yannis Karageorgis. Nikolay Malinov, of the Russophiles Movement, will be joining TV7 board of directors along several of associates of his.¹⁶ The channel has considerable potential outreach, thanks to entertainment shows, reality formats and popular programmes such as BBC’s *Top Gear*, and has in the past overtaken BNT at number 3 in terms of audience size.

The fourth and the last tier of Russian influence relates to a plethora of websites and blogs either follow a pro-Kremlin line or reproduce content from Russia’s government-controlled media on the war in Ukraine, relations with the West, international affairs more broadly as well as US foreign policy. Examples include pogled.info, afera.bg, alterinformation.wordpress.com, fakti.bg, amongst others. They find warm reception within Facebook groups such as “In favour of Bulgarian in the Eurasian Union” (20,000+ members), Rusophiles.bg (7000 members), I love Russia (3200 members), About Russia – in Bulgarian (close to 3000 members), Friends of the Donetsk and Lugansk People’s Republics (1,000+ members). One has to take into account Bulgarian users who are part of similar groups on Facebook and/or its Russian replica VKontakte hosted by individuals from Russia and the former Soviet Union with Russian as the language of communication.

16. “What is happening with the new TV7 owner?”, Capital, 22 May 2015, http://www.capital.bg/biznes/media_i_reklama/2015/05/22/2538549_kakvo_se_sluchuva_s_noviiia_sobstvenik_na_tv7/ (accessed July 1, 2015).

RUSSIAN INFLUENCE IN ACTION

The above overview of Bulgarian politics, business, society and media demonstrate in ample detail that Russia has a critical mass of allies and levers it could activate at will to put pressure on governments and shape public debate on key issues. As tensions with the West over Ukraine picked up from the autumn of 2013 onwards, Moscow did its best to stir its friends into action and keep Bulgaria on its side in the intra-EU deliberations on how to respond to the crisis.



The large Russian Embassy complex in Sofia



THE DEBATE OVER DEFENCE AND SECURITY POLICY

In the summer of 2014, the caretaker government took some bold steps to update Bulgaria's security and defence doctrine, factoring in the developments in Ukraine. *Bulgaria in NATO and European Defence*, a 14-page strategy paper drafted by a team around the Defence Minister Velizar Shalamanov ahead of the NATO Summit in Wales (4-5 September) posited Russia as a threat to Bulgaria. The report highlighted concerns such as propaganda warfare, Russia's links with politicians and business people, energy dependence and influence over the media. Bulgarian officials also raised the issues of violations of the national airspace by Russian military jets.

The publication of the report caused, in the words of caretaker Prime Minister Georgi Bliznashki, a "mini crisis". It was lambasted by the BSP as well as Purvanov's ABV who blamed the defence ministry of poisoning relations with Russia. Dmitriy Rogozin, Russia's Vice Premier, tweeted "A certain Shalamanov has persuaded PM Bliznashki to betray Russia". He berated the report's contention that Russian MiG jets had to be replaced by F-16s or other Western aircraft. In his characteristic manner, GERB leader Boyko Borisov pointed out Vision 2020 was a key document but it was more appropriate to be adopted by a future regular government, not the caretaker team.

Facing pressure, Bliznashki withdrew and redrafted the report. In the new, toned-down version, Russia, its ambitions to control the post-Soviet space, rearmament effort or authoritarian politics were no longer identified as a direct threat. It was replaced by a reference to the "illegal annexation of Crimea by Russia and the conflict in Eastern Ukraine". What was missing, too, were the passages about Moscow's policy of "information war eroding Bulgarian statehood" assisted by "political and economic actors and media". On balance, the commitments to defence spending and root-and-branch modernisation of the armed forces stayed intact.

Tensions rose again in mid-June 2015 when the NATO ministers announced that Bulgaria was to host, on a temporary basis, a 155-strong US Marine Corps unit equipped with 14 tanks, armoured vehicles and artillery pieces. The move was part of an overall programme for US deployments in a number of allied countries bordering Russia, from the Baltics all the way to Romania. BSP opposed the initiative as provoking Moscow and turning Bulgaria as a front state. Individual BSP MPs called for the ministers of foreign affairs and defence to step down.





RUSSIA'S INFLUENCE IN BULGARIA

- Dr DIMITAR BECHEV

ANGEL DZHAMBAZKI MEP



RUSSIA'S INFLUENCE IN BULGARIA

- Dr DIMITAR BECHEV

NIKOLAY BAREKOV MEP



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